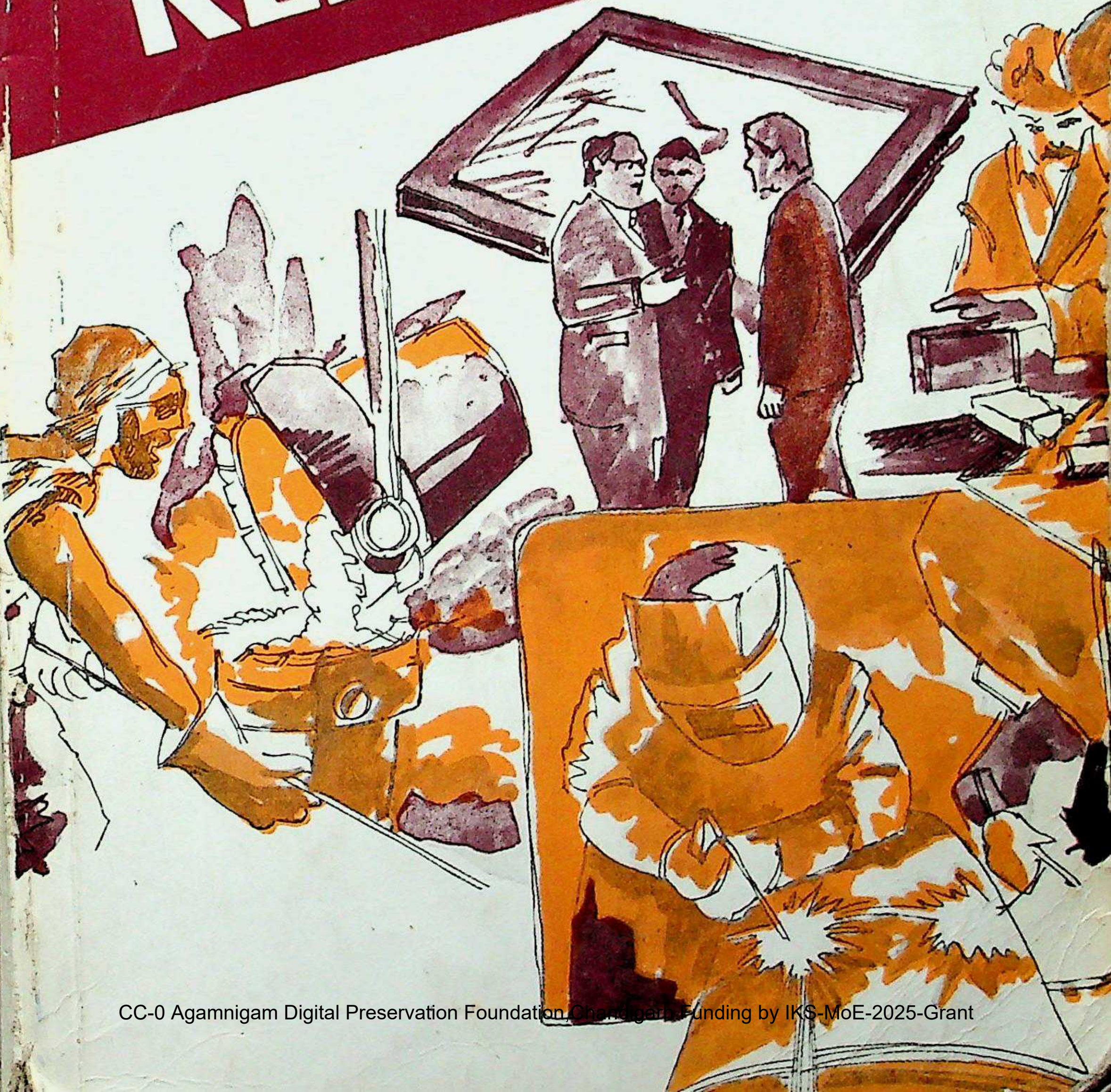
ARUN MONAPPA

INDUSTRIAL RELATIONS



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Preface

This book on industrial relations is basically meant for students and practitioners, concerned as it is with the several factors and issues that go to make up an industrial relations system. The focus is on Indian industrial relations.

My objective was to provide a broader outlook of the industrial relation function. The topics covered and the treatment of the more traditional subjects are different. The focus has been on the 'developmental' aspects, rather than on the more traditional 'control' aspects of the function. Whereas the developmental aspect deals with long-term solutions and the various inputs that go into it, the control aspect is more oriented to a 'here and now' situation to take care of the problems quickly.

Another objective of the book is to provide the reader with a framework for analysis of industrial relations problems. Such a framework would include the several variables that one needs to take into account for a proper diagnostic analysis, particularly at the enterprise level. This would enable the reader to get a broad overview and a good 'feel' of the several related factors that should be considered for an understanding of the industrial relations situation. For instance, the State has played a significant role in industrial relations in India and, to a certain extent, has thwarted the growth of bi-partite relations through collective bargaining. There are a variety of factors that have influenced this process, both positively and negatively. These issues have been identified and examined.

The book is not intended to be legally oriented, nor is it a documentation of the various government acts on labour legislation. The focus is on the managerial perspective—a perspective that is needed to understand the industrial relations issues, and generate alternatives for decision making, e.g. the pros and cons of a grievance procedure or those of workers participation in management.

Finally, all research is cumulative. I have, as an author, tried to cull out priorities, interpret and finally put down my analysis. The book is divided into sixteen chapters and two appendices. Each chapter, besides providing a conceptual background, deals with problems and issues in the Indian context, and suggests remedies wherever possible. The issues discussed relate to the current concerns, raised either through research publications or through reports of various government committees.

The labour statistics that have been used to supplement and illustrate concepts are woefully outdated. This is a limitation one has to live with, given the delay in publication by the several agencies involved. However, this should not detract one from understanding the trends and issues involved as the data is meant to be only an illustrative supplement to them.

ARUN MONAPPA

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I am grateful to the Directors of IIM, Ahmedabad, for giving me the opportunity to sit down and write this book. Many students and practitioners as well as colleagues have gone over several chapters and provided me some useful suggestions. To them I owe special thanks.

Although I have received research help at IIM, Ahmedabad, from several research assistants, the brunt of the load fell on Ms Amla Subramanyam. Ms Preeta Vyas helped with an earlier version of the chapter on 'Conflict'. I would like to record my appreciation of everyone's efforts and help. Several of the Institute's secretaries have helped at one time or the other in typing the drafts and the final version of the several chapters. I would like to thank all of them.

Finally, I am grateful to my wife and two sons who had to put up with several of my demands while this book was being written. Without their help and emotional support, I do not think I would have completed this project.

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Introduction

Over the years, with the rapid industrialization of India, a massive organized sector employing a large work force has come to occupy an important and visible part of the country's economic life. The industrial way of life has brought in its wake a host of concerns and issues, which have led to periodicd iscussions. As a result, a set of relationships in a totally different work context has been established. As organizations grew, and many new ones were established, people who developed and contributed to their viability created a new work environment. Hence a new industrial culture has to be taken into account.

Hitherto, human resources management had been an area taken for granted, perhaps 'undermanaged', by tagging it along with a variety of other functions or having junior level executives to handle this function, in terms of reporting facts and figures to the accounts department for their monthly payroll, or handling discipline proceedings or furnishing data, under the several pieces of Industrial Relations Legislation. The top management usually dealt only with major crisis situations.

The industrial relations function was not given the importance it deserved, both in terms of manpower as well as in terms of continuity of action or thought. The managerial response was quite often ad hoc in dealing with a problem—a patch-up job—rather than a detailed understanding of the symptoms and subsequent formulation of both long-term and short-term strategies.

The other panacea resorted to was to seek the intervention of the State through the good offices of the Labour Commissioner. Such a strategy was adopted owing to either the discomfort of dealing with a tricky situation or the lack of competence and skills within the organization to deal with industrial relations issues when a government department specializing in such areas was easily available. Alternatively, it bought time, itself a great healer, and passed the problem on to someone else—a third party whose settlement being that of the 'government' itself had more credibility. However, the

Labour Commissioner's office had two constraints: first, being an outsider to the situation, its grasp and involvement was less than total and, therefore, the solutions offered were impersonal. They were advantageous only in terms of a fresh perspective, but this also, to an extent, lacked depth. As a result, some of these problems recurred. Second, as the number of enterprises increased, the pressure on this office also increased, particularly with the concern to show results in terms of a 'settlement'. However, the Labour Commissioner has played an important role in finding adequate solutions and maintaining industrial peace, in spite of several limitations.

Besides the pressure created by the emergence of new enterprises, socio-economic issues also started exerting pressure. Employment in the organized sector, especially in the government and public sector, created a new middle class with stable incomes and security of tenure. This stable income was soon to become a good 'living wage' vis-a-vis the weaker sections of society comprising 40 to 50% of the population. With this relative affluence, the standard of living, particularly of those living in the urban-metro areas, was showing a change for the better. Also, increased awareness, particularly on the part of the younger generation, through better education and increased media exposure, made them 'push' for more. Apart from this, the traditional peasant-landlord, master-servant relationship was also undergoing a change. The traditional values of gratitude and loyalty also changed. Earlier, if one gave wages or other related welfare benefits and perquisites, then the employee who received them was loyal and grateful and therefore went about his work with a sense of sincerity and gratitude. This is not the case now. A greater degree of impersonalization has set in and in the changed role relationship, in the organizational context, such benefits are seen in the context of the work role and nothing more. There is thus a greater concern for self and dependents. This concept of 'giving' and 'expecting' has thus to be re-examined and organizational quid pro quo's to be thought of. The personalized expectations of management have to be re-oriented to the extent that a greater degree of institutionalization is necessary, be it in terms of quickness in responding, or formulation of rules and procedures, which govern one and all equally and fairly.

Government-sponsored worker-participation schemes also had a role in fostering greater egalitarianism and a greater pressure for a changed role relationship between boss and subordinate. These pressures are still being generated and thus the social fabric is in the throes of transition, from one set of relationships that was part of the old order to a new set of relationships, particularly dictated by the nascent industrial culture.

The cost of human resources as a percentage of operating expenses in the organized sector has been showing a steady increase. Obviously service sector industries will have a larger percentage, but even in manufacturing it has increased steadily, making personnel and finance managers more conscious of this input, which so far did not merit such serious concern. The major issue then is that, if this human resource is a costly input, in the Indian context, then how can it be effectively utilized both in terms of productivity and also in terms of improving the quality of work life, such that there is a better blend and harmony of organization goals and individual goals and aspirations? Therefore, to take this dimension into account, in addition to attention being paid to productivity bargaining, production planning and control and systems design, softer areas where behavioural dimensions are being utilised are: workers' participation in the management, job enrichment schemes, career planning and development schemes. For the worker, it is not only the daily privations of life which have to be coped with in a period of inflation and lower purchasing power of the rupee, but also the psychological dimension of dull, degrading, repetitive work, in those technologies which are obsolete in the twentieth century, where education and awareness does deserve better adoption of skills and knowledge in a more conducive working environment.

The government has had a major role to play, as a leading actor in Indian industrial relations (IIR). It has played a dual role—one as the initiator of policy and the other as an employer, or owner, by setting up an extremely large public sector. Having embarked on a path of rapid industrialization to take the nation out of poverty and into an era of progress and employment, India has had to achieve and reach levels which other developed nations have taken several hundred years to attain. On the IR front, the concern, for the weaker partner in industrial progress, i.e. the employee, prompted the government to enact a variety of labour laws, to set the base of minimum wage standards and safety and protect the employees. These laws not only covered rights and privileges but also guaranteed certain levels of income and conditions of working environment. The government also, as has been noted, set up machinery, such as the Labour Commissioner's office, to resolve industrial conflict and set up labour courts and industrial tribunals as a distinct labour judiciary at the lower level of the judicial ladder. The government has also tried to build bridges of partnership through the various schemes of participation between the management and the employees. All this was initiated immediately after Independence, whereas in the developed countries, labour legislation and government controls were slower to evolve. However, in India, efforts were made to remove some of the appalling conditions as they were completely out of tune with the changed times, combined with the Indian government's own socialistic policies, manifested in its concern for the welfare and well being of workers. All this was achieved at a cost. The base of worker pay and other benefits was established at a certain level, certainly much higher than what the workers in the unorganized industrial or agricultural sector were earning. This base has gone up substantially due to a changed economic and social environment and the role of the unions in protecting and furthering employee needs and interests. Labour economists have raised an issue of real wage vis-a-vis productivity increases. The argument is not clear cut, many have argued that productivity has not increased as much as has been claimed, that worker effectiveness is on the decline. Again it has been argued that productivity does not depend on the workers' efforts alone.

there are a number of other variables, including supervision and systems design which contribute significantly. The debate goes on and data is analysed and presented from both sides. It is, nevertheless, a complex issue and there is also the 'local plant level'—variations in productivity issue to contend with. Wage issues are a major feature of Indian industrial relations. With the changes in the environment, there are naturally higher expectations in terms of the quality of life and standards of living which necessarily result in the pressure for more wages.

Being in a nascent state, the role of IIR is still evolving towards a degree of maturity in learning to deal and cope with each other in a bipartite relationship, where mutual problems are sorted out. In such a situation it is not only the ability to respond quickly that is a pressing need, but the ability to plan and think ahead of alternate strategies to cope with the internal demands and the changed environment, in which the organization finds itself. It is the planning function for the intermediate period 3–5 years that is going to be crucial, or else the response from the organization will be ad hoc to a set of unanticipated and difficult set of demands. Therefore two factors are being stressed; first, the development of bipartite relationships within the organization, i.e. between the personnel department and the unions and secondly, the need to develop the personnel department such that it can plan strategies for the future both in terms of anticipated demands from unions and plans/schemes to be put forward by the management. The latter aspect is the *proactive* role of the function. This will to some extent reduce the ad hocism that is evident in several situations, where there is a certain degree of 'pandering to' demands, in order to tide over the situation and not rock the boat too much. The planning function will also help to institutionalize relationships and demands, as there will be a built in need for consultation, dialogue and mutuality of interests being stressed. The lack of institutionalization has led to periodic outbursts of all kinds including in many cases to violence, which many observers feel is due to exasperation, as the environment now is such that results are needed and that too fairly quickly, or that there is a visible attempt or a movement towards results. The cycle of pandering yields more and more, but it is given with a sour taste, not one that is seen as part of a strategy. There is the strong feeling of 'we-they', rather than of 'we-we'. An attempt towards a state of mutuality will also force a degree of maturity and therefore with rewards, some amount of responsibility—an area of debate and concern—will also come about. In situations where such awareness has been brought about, a fair amount of success in inculcating responsibility has been observed. This could lead to the creation of a desired 'work-ethic' where a better integration of goals would be possible, i.e. between the individual who has a need to find meaningful work given his skills and abilities and the organization which has to be concerned with its viability.

An important variable in effectively managing human resources is that of the structure and location of the personnel department, based on the assumption that the personnel functionary himself has the necessary initiative and positive orientation to the function. A lower level positioning has indicated a range of functions, which is more 'house-keeping' oriented, record keeping compliance with labour laws and so on. The personnel functionary—being so positioned at third or fourth level—is not able to exert the desired influence or create a concern with other line or service department heads who are positioned in the first or second levels.

In the second type of structure the influence of the personnel department is a little more, as the personnel functionary is in a second-level position, but usually subordinate to the production head. In such situations, the organization is usually more concerned with getting its return on investment on the new plant and facilities it has set up. Therefore in such situations the concern is to keep the production line 'going'—without work stoppages and supply of adequate and suitable manpower. The IR strategy in such cases is a 'fire-fighting approach'; if a problem crops up, defuse it and come to an immediate solution so that the wheels of production do not grind to a halt. This is a short run approach at the group level—management and unions.

The two structures discussed above can be classified as reactive types.

The third type of structure is perhaps a more proactive type where the personnel function is on par with the other functional heads at the top level—where there is a better integration between the personnel function and other functions. Being at peer level, the leverages available to him are the same as to the other functions. Involvement in Top Management Strategy formulation puts pressure to formulate personnel and industrial relations strategies to meet future growth needs, based on skilful analysis of the present situation and scanning for the future. The planning aspect gets stressed. The other departments/units in the organization will also heed the several requests/.attempts on the part of a senior level functionary to execute policies/schemes. Another important dimension would be the perforce establishment of priorities for the Personnel and Industrial Relations Department, as now they would be part of corporate plans and strategies. For instance, the current 'hot button' is career planning and employee development, in the context of the organization's growth. If priorities are properly established it is not the department's credibility alone that is enhanced but also its contribution to the organisation's viability. The two structures discussed earlier are more of the conformist type. In the third situation, it is possible for the head of the Division to take a non-conformist stance and initiate Organization Development intervention. This intervention is possible because of the independence and lack of fetters that high level positioning brings, and with it the skills, knowledge and experience the incumbent to the position brings. It is therefore not merely a multifunctional innovative activity, assessing and establishing subsystems, priorities based on changing organization needs in relation to individuals, but also taking into account union interactions, i.e. a sum total of the personnel and industrial relations function with linkages to other functions.

Much is talked about political involvement and this is a reality that has to be faced and lived with in a parliamentary democracy, where political parties do try to get a following in the labour sections of the community. These groups are vocal, articulate and therefore a useful adjunct to furthering their interests. However, individual loyalties and a greater amount of personalization has become the order of the day, but this will slowly evolve towards systems and ideologies once these are crystallised in the larger society. The body politic itself is divided on caste, communal, and regional bases, each throwing up its own leader to protect or further its interests. The political parties are also trying to integrate these various subgroups, yet the pressures and leverages remain, with options to shift out elsewhere in different groupings or under a new personality (leadership). The organized sector is not however coalesced in one bloc (party) at the apex level as a federation or as a political party or as a supporter of a political party sympathetic to the labour movement, as in the UK and USA. The loyalties in India are divided and to that extent the leverage and pressure they can exert is diminished.

Grievance machinery and discipline are characterised by many observers of industrial relations as the twin pillars of industrial relations. Both are needed not merely as communication channels but to further organizational goals and viability. Effective management of industrial relations needs both and not just one of the two pillars. Discipline is very much a managerial function, abrogation of it does not lead to good industrial relations, but only where impartiality is seen and accepted will such a system work.

Finally, the emerging concerns are of a different order. Many observers have spoken about the saturation level of worker earnings. To them there are cases where, when a worker receives an expected level of income, he abstains from work because that level of income is commensurate with his perceived level of income satisfaction to meet his needs. Therefore the pressure from such workers for enhanced money wages alone is relatively less. In some cases leisure or pursuit of some other interest is of greater interest to him. There are many cases of individuals 'moonlighting' or pursuing other jobs, own business, studies, and travel depending on their inclination and connections.

A five-day week, particularly in urban metros, amongst the white-collar category is now common. It not only gives time to pursue hobbies, which otherwise do not get any attention owing to lack of time during weekdays, or to spend time with one's family, but also to take rest and recuperate from the daily grind of commuting and working. Again, paradoxically one has to devote time to household chores, as in a labour-surplus economy, household chores are no more preferred by wage earners, and if they do it, it is by sufferance till a better organization opportunity is forthcoming. An employee therefore is getting to accept the multiple occupational roles, and devote time to his differing roles and interests. Work and organizational life is no more the central theme.

Industrial relations in India is thus a complex and diverse phenomenon.

For a beginner in the subject, this book is intended to explain the diverse factors or variables that go to make up the industrial relations function. The application of this basic analysis will be according to the demands of a particular situation as the situational variable is very critical, but in understanding a particular situation and generating alternative decisions or strategies, this book may help.

1

Indian Industrial Relations—An Overview

In this chapter we will look at the industrial relations (IR) system from a broad perspective. The concept of industrial relations has a wide meaning. The expression 'industrial relations' by itself means relationship that emerges out of day-to-day working and association of labour and management. But when taken in its wider sense it includes "the relation between an employee and an employer in the course of running of an industry and may project itself to spheres which may transgress to the areas of quality control, marketing, price fixation and disposition of profits among others."[1]

Discussed below are some of the developments that have taken place in the industrial relations scene over a period of time. Three themes have been taken up, and an attempt has been made to relate the issues that emerge out of these themes to the industrial relations scene.

Industrial relations, thus, when taken in its wider meaning, is a "set of functional interdependence involving historical, economic, social, psychological, demographic, technological, occupational, political, and legal variables."[2] Since it is a complex task to study the impact of all forces/factors, we have taken three significant factors, viz. *trade unions*, *labour legislation* and *industrial democracy* and considered the issues that emerge out of these which pose a problem to industrial relations. These themes revolve around the three 'actors'[3] of the IR system, viz. the employees, the employers and the government. We have also discussed how the government, as an active participant of our industrial relations system, is formulating policies to meet these problems.

---

[1] C. K. Johri, "Normative aspects of industrial relations", in: *Issues in Indian Labour Policy*, C. K. Johri (Ed.), New Delhi, Shri Ram Centre for Industrial Relations, 1969.

[2] V. B. Singh, *Climate for Industrial Relations: A Study of Kanpur Cotton Mills*, Bombay, Allied Publishers, 1968, p. 1.

Industrial Relations—Background

Industrial relations plays a crucial role in establishing and maintaining industrial democracy. In India, it has passed through several stages. A number of factors—social, economic and political—have influenced industrial relations in India.

In the pre-independence days, workers were 'hired and fired', as the principle of demand and supply governed industrial relations. The employer was in a commanding position, and the conditions of employment and wages were very poor. When these conditions continued despite the efforts of leaders, it paved the way for revolutionary movements. However, even till the end of the First World War, the trade union movement had not emerged. There were hardly any laws to protect the interests of workers except the Employers and Workmen (Disputes) Act, 1860, which was used to settle wage disputes. After the First World War, the industrial relations concept assumed a new dimension in the sense that workers now resorted to violence, and employers to lockouts. There were numerous strikes and disturbances during 1928-29.[4] As a result, the government enacted the Trade Disputes Act, 1929, to enhance the early settlement of industrial disputes. This was based on the British Industrial Courts (BIC) Act, 1919. The Trade Disputes Act, 1929, differed from the BIC Act in that it did not provide for any standing machinery for the settlement of disputes. However, it was found that neither the Central government nor the State governments made adequate use of this law.[5]

In 1938, in order to meet the acute industrial unrest prevailing then, the Bombay government enacted the Bombay Industrial Relations (BIR) Act. For the first time a permanent machinery, called the Industrial Court, was established for settling disputes. This was replaced by the BIR Act, 1946, which was amended in 1948, 1949, 1953, and 1956. Soon after the Second World War, India faced many problems, such as rise in the cost of living, scarcity of essential commodities, high population growth rates, massive unemployment, increasingly turbulent industrial relations situation, etc.

Industrial Relations in the Post-Independence Period

After India attained independence, one of the significant steps taken in the field of industrial relations was the enactment of the Industrial Disputes Act, 1947, which not only provides for the establishment of permanent machinery for the settlement of industrial disputes but also makes these awards binding and legally enforceable.

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[3] J. T. Dunlop, *Industrial Relations Systems*, Southern Illinois University Press, Illinois, 1958.

[4] V. V. Giri, *Labour Problems in Indian Industry*, Bombay, Asia Publishing House, 1960.

[5] Giri, op. cit., 1960.

Besides the Industrial Disputes Act, in December 1947, an industrial conference was held in India, where an appeal was made to labour and management in the form of an Industrial Truce Resolution to maintain industrial harmony.

Another development in the immediate post-Independence period was the setting up of the Indian Labour Conference (ILC), a tripartite body to look into IR problems in India. It was constituted with the objective of establishing co-operation between the government, the employers, and the trade unions. It held its first meeting in August 1942. It met once a year to discuss problems relating to labour-management relations. The various points of view regarding a particular issue were discussed and recommendations made which were subsequently formulated in the form of legislation. However, since the early 1970s the Indian Labour Conference met only sporadically, depending on the issues and concerns of the Labour Ministry.

An important characteristic feature of IR in the post-Independence period was the change in the Government's attitude towards labour and their problems. Many labour laws were enacted to protect the interests of industrial workers during 1947 to 1956.[6] These laws cover many issues concerning labour, such as seniority, wage rates, paid holidays, disciplinary matters, social security, etc. However, in 1957, the emphasis shifted from legal enactments to voluntary arrangements. "In fact the period between 1957 and 1965 can be regarded as an attempt to move away from legalism to voluntarism which had dominated IR in India."[7] As a result, the Code of Discipline was introduced in 1958. It enjoins on parties to refrain from taking unilateral action on industrial matters. But unfortunately, the code had a limited success and also a limited use.[8] It was to serve somewhat as a moral guideline rather than as a legal enactment. As a result, the government relied on legislation to regulate labour-management relations. It tried to structure the plant level IR machinery in the form of works committees/joint management councils (JMCs). Apart from the ones mentioned above, several other solutions were sought to solve IR problems, such as recognition of unions, grievance procedure for workers, workers' participation schemes, etc.

Subsequent to this period, many political and international events affected the course of industrial relations. One must remember that the political factor cannot be delinked with the industrial relations situation. Each government in power identifies priorities in terms of what *it* would like to do. There was only a short period—immediately after the Chinese Aggression in 1962—during which there was a consolidation of different viewpoints. But with Nehru's passing away in 1964 the phalanx-like structure of the Congress Party started eroding. Between 1962 and 1971 India fought three wars, one with China and two with Pakistan. Added to this was the difficult economic situation. In 1966, the National Commission of Labour (NCL) was appointed by the government to look into labour matters and make recommendations. It submitted its report in 1969.

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[6] Giri, op. cit., Ch. 3.

[7] R. G. Kaulgi, "The strategy and tactics at the bargaining table", In: *Personnel Management: The Indian Scene*, Y. B. Bhonsle (Ed.), New Delhi, S. Chand & Co., 1977.

[8] Government of India, *Report of National Commission on Labour*, New Delhi, Ministry of Labour and Employment and Rehabilitation, 1969.

Some of the significant recommendations of NCL were processed by ILC and the Standing Labour Committee in 1970 and 1971 respectively, and the major policy decisions were taken up for implementation. Some of these recommendations relate to the statutory recognition of a representative union as the sole bargaining agent to be determined by the verification of paid membership and the appointment of industrial relations commissions (IRCs) in the States and at the Centre instead of the present tribunals. These recommendations were, however, never implemented,[9] though some of them are in various stages of implementation,[10] as for instance those relating to workers training, induction and education, working conditions, social security, labour administration, etc.

The early 1970s witnessed considerable industrial strife and loss of a large number of mandays. A significant trend during this period was the fact that ILC, which was active till 1971, did not meet from 1972 to 1976. When Emergency was declared in June 1975, the National Apex Body (NAB) was set up in place of the tripartite ILC in consonance with the government's 20-point Programme. The National Apex Body and some State apex bodies (SABs) were bipartite in composition. The National Apex Body consisted of 23 members (12 representing workers and 11 representing employers). It met six times during 1976 for reviewing industrial relations and labour matters, with the government acting as an arbitrator. (These bodies did not have a long tenure, and during the Janata government they were abolished and ILC revived once again in May 1977.) During Emergency (1975–77), there was considerable tightening of discipline in the industrial as well as general environment. But after Emergency, with the change in the political leadership, there followed a period of reconciliation and active trade union activity. The Janata Government set up a number of committees to review industrial relations practices. For instance, there was a tripartite committee on workers' participation and a draft Industrial Relations Bill (1978) (see Apendix II). The latter Bill was to streamline some of the persistent IR problems.

At present, at the plant level, IR has become highly regulated. There are several labour laws which have to be complied with, and therefore to some extent Indian IR is dominated by legalists. Many of these laws reflect the government's socialistic orientation. On the other hand, the Government

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[9] L. S. Kudchedkar, *Aspects of Personnel Management and Industrial Relations*, Tata McGraw-Hill, New Delhi, 1979.

[10] The Employers' Federation of India, *Annual Report*, Bombay, 1973, pp. 20–21.

also made efforts, in addition to management and union attempts in several cases, to promote a bipartite collective bargaining situation. In fact, there are many instances of companies having a harmonious and strong bipartite relationship (e.g. in the steel industry[11]).

In the late 1970s and early 1980s industrial relations in India were characterised by violence (especially in the Thana Belapur area and in Modinagar). For instance, on June 29, 1981 the President of the HMS Workers' Union was beaten and murdered and on the same day another worker was murdered (*India Today*, July 1 to 15, 1981, p. 26). On July 24, 1981 the Managing Director of Bombay Tyres Company was assaulted. In another incident a worker of Wellman India, a company in the Thana area, was murdered (*Business India*, Sept. 28, Oct. 11, 1981, p. 40–51). Besides these instances, newspapers and their reports indicate violence in labour-management relations.

Impatience to have quicker settlements and rising expectations are the main reasons why workers are resorting to violence. They are fast losing confidence in the establishment and are getting impatient with the weak collective bargaining situations prevailing, where every problem is taken to a government labour machinery and courts, which take a long time to resolve the issues. Some figures state that the backlog of unresolved industrial disputes pending with the government is an astounding 70,000.[12]

Other reasons[13] why workers are resorting to violence are: (i) the government's inability to maintain the price level, which is a critical factor in maintaining industrial harmony (price levels are rising at the rate of 15 to 20% annually); (ii) its inability to provide an effective machinery for the speedy resolution of industrial disputes; and (iii) its management of the industrial sector with its plethora of controls on production, the licensing procedures, the price controls on a wide range of commodities, the high rate of taxation, and the restrictions on imports, which have led to the squeezing of its profitability. These factors have also inhibited industrial growth, which in turn has curtailed the capacity of the industrial sector to meet the legitimate demands of the working class.

To meet the situation of industrial strife, on 26th July, 1981, the Government issued an ordinance to ban strikes. A new law, called the Essential Services Maintenance Act (ESMA), was also promulgated. With this, the government now has wide-ranging powers to intervene in industrial relations. This law incensed the trade unions a great deal, and as a result major trade unions of India observed a *Bharat bandh* on 19th Jan. 1982. Workers in industrial establishments, banks, life insurance companies and general insurance companies abstained from work on that day (*Times of India*, 21st Jan., 1982).

The Essential Services Maintenance Act empowers the government to ban strikes, lay-offs and lockouts in what it deems to be "essential services". It also empowers the government to punish any person who participates or instigates a strike which is deemed illegal under ESMA.

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[11] *National Labour Institute Bulletin*, 6 (3 & 4) July-Dec. 1980.

[12] "Labour and Violence: Is the Strike Ban a Cure", *Business India*, [illegible] 1981.

[13] Ibid.

The value of production loss due to strikes and lockouts in 1980 was Rs. 12.53 crores, in 1979, Rs. 125.63 crores, and in 1978 it was Rs. 108.16 crores.[14]

Some Problems of Trade Unionism in India

One of the major problems of the Indian trade union movement is the fragmentation of unions. Several unions, associated with different political parties and groups, have entered the national scene. There are Congress unions, Communist unions and Socialist unions not only in the same local area in an industry but also in the same factory or establishment.

The non-existence of legal provisions for the recognition of unions (except the BIR Act and the Maharashtra Recognition of Trade Unions and Prevention of Unfair Labour Practices) make for fragmentation of unions and consequent inter-union rivalry. Moreover, the possibilities of easy recognition of unions under Indian law, however small the following, precludes any constraints on such unions.

This multi-unionism has posed a serious threat to industrial harmony in India.[15] In its efforts to meet this problem the government has evolved the Code of Discipline which provides that a union can claim recognition if its members comprise 25 per cent of the total workers in that industry. But the controversy here relates as to how the membership of rival unions should be verified, whether it should be using the method of membership verification or secret ballot. Another way to end these problems[16] is to grant recognition to the most representative union. The National Commission of Labour also made some recommendations for the statutory recognition of a representative union although they have not yet been implemented. The only State which has made some headway in this direction is Maharashtra. In 1971, it passed the Maharashtra Act for Prevention of Unfair Labour Practices and Compulsory Recognition of Trade Unions 1971. The Bombay Industrial Relations Act, which has restricted application, also empowers the appropriate authority to recognise a representative union in a plant/industry. The Industrial Relations Bill of 1978 also sought to provide for a sole bargaining agent in a plant.

Labour Legislation

This is another important area which has a great impact on the industrial relations system. Labour legislation had been instrumental in shaping the

[14] Ibid., p. 12.

[15] S. D. Tripathi, "Politics of multi-union plant. The Swadeshi experience", *Indian Journal of Industrial Relations*, 3(4), April 1968, pp. 441-458.

[16] V. B. Karnik, *Indian Labour: Problems and Prospects*, New Delhi, Minerva Associates, 1974.

course of industrial relations in India. Establishment of social justice has been the principle which has guided the origin and development of labour legislation in India. The setting up of the International Labour Organization gave an impetus to the consideration of welfare and working conditions of the workers all over the world and also led to the growth of labour laws in all parts of the world, including India.[17] Some of the other factors which gave impetus to the development of labour laws in India were the Swaraj Movement of 1921–24 and the appointment of the Royal Commission on Labour in 1929.

The objectives of labour legislation are to: (i) protect workers from exploitation; (ii) strengthen industrial relations; (iii) provide machinery for settling industrial disputes and welfare of workers.

Labour legislation in India has a history of over 125 years. Beginning with the Apprentice Act, passed in 1850, to enable children brought up in orphanages to find employment when they come of age, several labour laws covering all aspects of industrial employment have been passed.

The labour laws regulate not only the conditions of work of industrial establishments, but also industrial relations, payment of wages, registration of trade unions, certification of standing orders, etc. In addition, they provide social security measures for workers. They define legal rights and obligations of employees and employers and also provide guidelines for their relationship.

In India, all laws emanate from the Constitution of India. Under the Constitution, labour is a concurrent subject, i.e. both the Central and State governments can enact labour legislation, with the clause that the State legislature cannot enact a law which is repugnant to the Central law. A rough estimate places the total number of enactments in India to be around 160.[18] Table 1.1 gives an indication of the variety of labour laws prevailing in India.

The Apprentice Act of 1850, was followed by the Factories Act of 1881, and the first State act was the Bombay Trade Disputes (and Conciliation) Act, 1934, followed by the Bombay Industrial Disputes Act, 1938, which was amended during the war years. This was replaced by the BIR Act, 1946.

The Central Government at this time introduced the Industrial Employment (Standing Orders) Act, 1946. In 1947, the government replaced the Trade Disputes Act with the Industrial Disputes Act, which was later modified. This law is the main instrument for government intervention in industrial disputes.

After Independence, many laws concerning social security and regulation of labour employment were enacted, such as the ESI Act, 1948, EPF & Miscellaneous Provisions Act, 1952, Payment of Gratuity Act, 1972, Equal Remuneration Act, 1976, etc.

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[17] R. N. Pandey, "Labour legislation in India: Growth and Development", *Indian Labour Journal*, **20**, Sept. 1979, 1673–1681.

[18] R. Banerjee, "Industrial Relations in India", *Industrial Relations*, 32(5), Sept.-Oct. 1978, 171–188.

TABLE 1.1 Profile of Labour Legislation in India

Standards and norms legislations	Welfare and amenities legislations	Disputes processing and rights of parties legislations
1. Factories Act	1. Maternity Benefits Act	*Collective Matters: Central Acts*
2. Shops and Establishments Act	2. Employees State Insurance Act	1. Industrial Disputes Act
3. Mines Act	3. Workmen's Compensation Act	2. Sales Promotion Employees Act
4. Plantation Labour Act	4. Employees Provident Fund Act	3. Payment of Bonus Act
5. Indian Merchants Shipping Act	5. Gratuity Act	*State Acts*
6. Minimum Wages Act		1. Bombay Industrial Relations Act
7. Payment of Wages Act		2. Maharashtra Act for Prevention of Unfair Labour Practices and Compulsory Recognition of Trade Unions
8. Indian Trade Unions Act		
		Individual Matters: Central Act
		1. Industrial Employees Standing Orders Act and Model Standing Orders governing contract of employment

Source: S. R. Mohan Das, *Industrial Relations in India: Basic Perspectives*, Industrial Relations Institute of India, 1977, Bombay, p. 92.

We will discuss these Acts under three broad categories, as formulated by Banerjee[19]:

1. protective and employment legislation,
2. social security legislation, and
3. regulatory legislation.

Protective and Employment Legislation

The following acts can be grouped under this category: Factories Act, Payment of Wages Act, Minimum Wages Act, Equal Remuneration Act, Payment of Bonus Act, Apprentice Act, Employment Exchange (Compulsory Notification of Vacancies) Act. Some of these are concerned with the health and safety of the worker at his workplace. Others protect the worker by ensuring that he gets paid for the work done at the end of each month.

Social Security Legislation

This category includes acts such as the Employees' State Insurance Act, 1948, Employees' Provident Fund Act, 1952, and the Payment of Gratuity Act, 1952. These social security measures are meant to protect workers against risks of undue hardship and privation. The ESI Act, for example, provides medical care, accident compensation, and compensation to a worker when he is unemployed or ill. The Provident Fund and Gratuity Schemes are meant to provide to the worker with some income after his retirement.

Regulatory Legislation

The Industrial Disputes Act, 1947, Industrial Employment (Standing Orders) Act, 1946, and the Trade Unions Act, 1926, etc. come under this category.

The Industrial Disputes Act, 1947, basically provides for the investigation and settlement of industrial disputes. Its main objective is to provide for a just settlement of disputes by negotiations, conciliation, mediation, voluntary arbitration, and compulsory adjudication. The Act places constraints on strikes and lockouts. It provides for a works committee at the plant level to ensure that management and worker contribute to the efficient day-to-day working of the enterprise.

The Industrial Employment (Standing Order) Act, 1946, requires management to specify the terms and conditions of employment and communicate these to the workers. The Trade Union Act, 1926, is the enabling legislation for the formation of trade unions.

Some of the issues that emerge out of the discussion on labour legislation are:

[19] Banerjee, op. cit., pp. 171-188.

1. In order to protect industrial workers there are many labour laws in the country which cover all aspects of labour. The problem therefore is not the lack of labour laws but that of implementing these. It has been found that their implementation has been unsatisfactory in public as well as private sectors.[20] Several studies undertaken by the Central Government have revealed the importance of a better implementation of labour laws. These lapses in their implementation are owing to the lack of a fuller understanding on the part of management of the provisions of the labour laws (Estimates Committee, *52nd Report*, 1963 to 1964). The enactments are so worded that it is difficult for any person without a legal background to understand them fully.[21]

2. Another problem with regard to labour legislation is that in the absence of an all-India code, labour laws have a tendency to overlap and become repetitive.

Several attempts have been made by the government, through its five-year plans, to implement the various labour laws in a satisfactory manner. The National Commission on Labour has also made recommendations for the better implementation of labour laws.

Workers' Participation

Workers' participation is yet another issue which has been taken up under the broad category 'Indian Industrial Relations' because this concept of workers' participation emerged within the framework of the tripartite system of labour-management relations in India—the three major 'actors' of Indian labour-management relations being the government, the employers and the employees. The issue of workers' participation has great relevance in the Indian industrial relations scene because it emerged as a measure for promoting harmony between labour and management. We will, therefore, examine here its features and existing status in the Indian context.

In India, worker-participation schemes had their beginning after Independence. To meet the situation of tensions, industrial strife and deteriorating economy prevailing then, the government had to remodel its industrial relations system. The principle of voluntarism developed by Mahatma Gandhi was one of the solutions put forward. The basic theme behind this principle was that the parties concerned with industrial relations directly, i.e. the workers and the employers, should make voluntary efforts to resolve the conflict between them. Another solution proposed was to create co-operation/co-partnership between the workers and their employers. It resulted in the formation of joint management councils (JMCs). The ID Act, 1947, provided for the setting up of works committees (WCs) in all undertakings employing over 100 workmen. The main objective of WCs was to resolve conflicts at the plant level so that it lead to good labour-management relations. (The idea of worker participation in management was put into practice with the Industrial Policy Resolution of 1965.) These WCs were constituted by an equal number of representatives of employers and employees. Their functions include resolving matters related to safety, welfare, education, vacation, holidays, etc. Matters like wages, allowances, bonus, and matters coming under collective agreements were excluded from its purview.

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[20] S. S. Sonarikar, *Implementation of Labour Enactments*, Bombay, Popular Prakashan, 1976.

[21] S. K. Whigam, "Healthy Industrial Relations as a Motivator to Economic Development", *Industrial Relations*, 30(3), May-June 1978, 117–122.

The primary objective behind setting up JMCs was to promote harmonious relations between labour and management.[22] The other objectives were to increase productivity, secure better welfare facilities for workers, and help and train workers to understand their responsibilities and that of management.

The functions of JMCs as enunciated by the 15th session of ILC in 1957, relate to (i) improvement of working conditions of workers, productivity and act as liaison between labour and management, and (ii) take responsibility with regard to administration of various welfare schemes and also to act as a consultative body to management in matters like changes in methods of production, continuation or closure of operations, etc.

Though JMCs and WCs were instituted by both private and public sector undertakings, it was found[23] that they were not able to achieve the basic objective for which they had been set up—that of achieving industrial harmony. This had a significant negative impact as manifested in the resistance to these schemes by both labour and management.

After the proclamation of Emergency in 1975, a new proposal was put forward with regard to workers' participation. This scheme envisaged the setting up of shop councils, joint plant councils, and representation of workmen on the board of management.[24] It was left to management to institute any suitable form of worker participation upon the nature of their units.

The new scheme was different from JMCs in certain aspects, for example the function of joint councils (shop level scheme) relate to productivity and efficiency and the workers' representatives of these have to be chosen by the workers themselves without any intervention by trade unions. This new scheme was to be in addition to the WCs and JMCs already in existence.

According to the latest figures that are available,[25] the workers' participation in management schemes have been implemented in 545 undertakings of the Central government, 167 undertakings of the State government, 99 undertakings of the co-operative sector, and 1,132 undertakings of the private sector.

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[22] National Commission on Labour Report, op. cit., 1967.

[23] G. Stanislav and S. G. Vesna, "Workers' self-management and participation in developing countries", *Public Enterprise*, 1(4), 1981, 47–63.

[24] Kudchekar, op. cit., p. 128.

[25] V. K. Agarwal, "Workers' participation in management", *Indian Labour Journal*, 22(7), July 1981, 945–949.

Conclusions

We have examined some of the major issues concerning industrial relations in India. Industrial relations, previously bipartite in nature, has become tripartite. In the early fifties, Giri, the then labour minister had put forward the Giri Approach which emphasised the importance of voluntary negotiations between workers and their managements in resolving disputes. Gandhi's approach to labour relations was also based on the moral principles of truth, non-violence and voluntary arbitration of disputes. The situation has changed since. After Independence, the government with its concern for accelerated economic development and distribution of social justice is gradually playing a vital role in the shaping of labour–management relations and policies.

The tripartite concept of industrial[26] relations has also undergone radical changes with the changes in the expectations of people under the influence of a welfare state envisaged for India.

Indian industrial relations today needs to widen its horizon to concern itself with the larger social and national interests. The system should curb its preoccupation with wages, bonus and allowances. (The cause for major disputes in India concerns wages/allowances). As Kudchedkar has pointed out, "Indian IR is vested in terms of profits, dividends, and wages to the detriment of social and national interests."[27] When these social and national interests play a role then only the industrial relations become a national responsibility.

Indian industrial relations, as already mentioned, is changing. It is witnessing the emergence of new forces. As soon as Emergency was lifted, the country faced industrial strifes. In order to tackle this situation, the Janata Government tried to placate the workers by taking certain steps which culminated in the enactment of the Industrial Relations Bill, 1978. This Act incorporated some of the recommendations of NCL, including the creation of a majority bargaining agent at the plant level and strike (notice and strike ballot). However, this piece of industrial relations legislation was never implemented.

Future of Industrial Relations in India

The future of industrial relations in India can be reviewed from reports of the commissions constituted by the government for this purpose. From these, certain issues are emerging which are posing challenges to the three 'actors' in the system.

1. The first is the issue of strengthening collective bargaining by trying to determine a sole bargaining agent for negotiations. The State of Maharashtra has already passed a law for the creation of a sole bargaining agency in every unit and industry. Collective bargaining is advocated where

[26] Kudchedkar, op. cit., 34.

[27] Ibid.

the parties involved have a fuller understanding. This will help to arrive at a speedier settlement of disputes, between themselves.

2. The second issue relates to the gaps that are occurring as a result of the variations that occur in Central and State legislation as far as labour matters are concerned. In India, labour falls under the Concurrent List though NCL has made a recommendation for forming a common labour code which is yet to be adopted. Adoption of this recommendation will go a long way in solving some of the problems that India's legislation process is facing.

3. Another issue is that of workers' participation in management. India has already experienced the working of many forms of worker-participation schemes but none of them seems to have made any headway. The reasons for the failure of these schemes need to be probed into.

The three 'actors' in the system need to take into account the effect of their actions on the consumers and society in general, owing to the growing inter-linkages between industry and its environment. They have to evaluate and decide on the appropriate alternatives in terms of the 'strategy' they are going to adopt in managing the personnel and industrial relations functions. The environment is fast changing and the pressures from various groups involved are starting to get more vocal and intense. The strategy chosen for the attainment of the goals will have to depend on the objectives, values, structures available and the environment in which they have to operate.

We sum up with a quotation:

> Its strategic importance extends beyond the limited frontiers of union-management relationship and overlaps with the future prospects for Indian democracy on one hand, and the basic concepts and assumptions of economic development on the other. The set of strategic choices must be made in the midst of economic and political difficulties that the country is undergoing.[25]

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[25] R. Bharat, *The State and Law*, *Industrial Relations*, XXX(2), Jan.-Feb. 1978, pp. 23-30.

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The Indian Industrial Worker

There can be no study of industrial relations without an analysis of industrial workers, who are the prime-movers of commerce and industry. Most recent studies point to the new industrial worker being more 'adjusted' to his work environment than his predecessors. However, the simmering discontent among labour which now and again manifests itself in strikes and other forms of labour unrests, proves that the new industrial worker is still in a state of flux. He is not fully aware of his problems, his aspirations are his vague, and he is unsure of his identity. The aim of this chapter will be to characterise, from available data, the new industrial worker—the varying influences on his life and, in turn, his own commitment to industry.

Background

Owing to the increasing mechanisation of industry today, the recruits to industry have to possess the appropriate skill and qualification necessary for the job, unlike their counterparts in the past.

In spite of the government's commitment to rural development, the lot of the average farmer is still decidedly poor. As a result, many of them have migrated to urban centres in search of work. These constitute the 'surplus' work force "who are permanent and semi-permanent urban settlers with no nostalgic attachment to the romantic surroundings of the Indian village."[1] Studies of census reports[2] indicate that between 1961 and 1971, on an average, more than 2 million farmers were moving out of their villages every year.

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[1] N. R. Sheth, "For a sociology of Indian industrial workers", *Social Action*, Vol. 27, Oct.-Dec. 1977, pp. 353–368.

[2] "Perspective—Agriculture—The price of progress", *India Today*, Jan. 1–15, 1979, p. 68.

To say that the new industrial worker has a 'traditional bias' which is responsible for his maladjustment, if any, is not true because of the fact that the majority of the work force, in any case, have an urban background, while the 'surplus' work force constituting the migrants from rural areas are not inclined to leave their present jobs in the factories—nor is the 'full hierarchy' of the traditional caste structure evident in the factory. In fact, Slotkin[3] concluded that the rural workers migrated because of the inadequacy of their 'traditional culture'. Systematic studies of the Indian labour force have shown that factories attract labour from all levels of traditional society (Morris, 1960; Lambert and Vaid, 1968; Sheth, 1968; and Sharma, 1974).[4]

Education, Skill and Adjustments

The new industrial worker's educational background and aspirations are much higher than those of his predecessors. A study of industrial workers by Vaid[5] revealed that 78% of them wished to increase their incomes. As has been already pointed out, a rural background does not inhibit them from entering industry. In fact, once they do, they prefer to stay on and improve their prospects. But is this an indication of the worker's commitment to his work or is it, as some researchers indicate, actually an interest in matters such as wages, housing, security and advancement in work rather than the fulfilment of their needs, e.g. 'ego satisfaction' or 'self-actualisation'? Sheth[6] feels that by imparting theories of ego satisfaction and self-actualisation and putting forward schemes to humanise working conditions, one may only be substituting "devices for the satisfaction of the actual needs".

True, the worker may not be aware of self-actualisation, and ego-satisfaction may not be of primary importance to him, but a study by Holmstrom indicates he is definitely moving towards the "concept of equality and freedom of choice in his work behaviour." A recent study by Sharma[7] states that for the workers in the organized sector, the nature of work forms one of the determinants of job-satisfaction. It is natural that a worker would prefer human working conditions. As it is, "the sheer alienation and drudgery of the worker's machine-dominated work at the factory is what makes his life dull, unrewarding and poor in a sense in which a school teacher's is not. Within the confines of an individual work situation over which he has no control the worker will always be disoriented. After all, in the present social structure, workers are in the final analysis 'wage slaves'.[8] Yet he is willing to work hard and accept the monotony of routine if it enables him to earn more and make his life outside the factory better. Herein lies the problem. Industrial skill alone is not of the greatest importance—a committed labour force demands adjustment in both the working and social environment.

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[3] R. D. Lambert Morris, K. N. Vaid Sharma, N. R. Sheth Slotkin, in A. Monappa and M. S. Saiyadain, *Personnel Management*, Tata McGraw-Hill, New Delhi, 1979.

[4] *Ibid.*

[5] *Ibid.*

[6] Sheth, op. cit., p. 1.

[7] B. R. Sharma, "Determinants of job satisfaction among industrial workers", *Vikalpa*, 5(1) Jan. 1980, 13–26.

The idea of the industrial man in terms of committed labour force has to be reconceptualised in the context of the uneven development of the whole process of our industrialisation. Mere willingness to work cannot boost the morale of a worker, unless he has the kind of socially accepted position required for the industrial way of life. The Indian worker is deprived of such a position (Sengupta[9]) particularly in the areas of small industrial activities.

Absenteeism

The number of mandays lost due to industrial disputes in India during 1980 and 1981 is as follows: 1980—21,925,026; and 1981—25,503,654[10]. What are the reasons for the high rates of absenteeism and the increasing number of mandays lost? If the worker is committed to his job, why does he stay away? Why is the labour force like a nuclear dump waiting for a match to set it aflame?

Absenteeism has always been a major problem in the Indian industry. An official of Bharat Cooking Coal Ltd's planning department points out that often as much as 40% of the labour force stays away from work. Myers[11] is of the view that absenteeism is encouraged owing to the lenient policies of the management. Sickness and social or religious reasons are the usual excuses given for being absent. A study by Pais[12] of the cotton textile industry in Bombay on absenteeism shows that there are a large number of *badli* force in these industries, and this factor contributes to the high rate of absenteeism in the industry. Bhatia and Valecha[13] in their study on absenteeism in a large manufacturing plant conclude that chronic absentees have greater indebtedness and are found more among those in the higher age bracket having longer length of service, and in the unskilled and semiskilled work force. Managements are generally quite helpless, especially with the increasing militancy of trade unions who use minor issues to prove their bargaining power. The new industrial workers are more "articulate, confident and capable" and aware of their rights. The factory system initiates changes in the attitudes and values of its work force making them more "cosmopolitan, anticasteist, secular and radical in their outlook"[14]. The worker is also aware of his high level of productivity and his tremendous power to cripple industry.

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[8] "The new working class", *Business India*, Bombay, Mar. 19–April, 1, 1979, 26–38.

[9] C. Sen Gupta, "Industrial man in India reconsidered", *Economic and Political Weekly*, 17(22), May 29, 1982, M54–M56.

[10] Government of India, *Indian Labour Journal*, Labour Bureau, Ministry of Labour, 23(3), March 1982.

[11] S. C. Myers, in: A. Monappa and M. S. Saiyadain, *Personnel Management*, Tata McGraw-Hill, New Delhi, 1979, p. 34.

[12] H. Pais, "Absenteeism in the cotton textile industry in Bombay, *Indian Labour Journal*, 22(3), March 1981, 313–326.

[13] S. K. Bhatia and G. K. Valecha, "Empirical study on absenteeism", *Indian Management*, New Delhi, 1978, 13–18.

Aspirations

As discussed earlier, workers today have greater aspirations than those in the past. Earlier, the mobility among workers was poor and their aspirations undoubtedly low. The present trend of competitiveness could be because of greater skills and education among workers. In an Indian enterprise workers are motivated by the expectation of higher wages once they acquire more skills.[15] Vaid *et al.*[16] found that superior technology contributes to better work adjustment. Lambert also found that the level of aspiration of workers varied from factory to factory but it was the highest in the most technically advanced factory. This new class of labour with higher aspirations and greater awareness of job security and wages is to be found in the most modern and technically advanced industries that demand greater skills. However, even earlier studies indicate that wages always played an important part in a worker's choice of job. Vaid reports in his study that the workers' current jobs gave them a better income than any of the previous jobs and 45% of the total job changes are due to the search for 'higher wages'. Lambert and Desai's[17] studies also indicate similar findings.

The Influence of Trade Unions

The rise of this new working class (though it does not dominate yet it greatly influences the industrial labour force) has also necessitated changes in the method of operation of trade unions, some of which are not even affiliated to national union federations, and yet are most 'active and militant'. Ketkar feels that "the reason for the disproportionately high influence within which it works are the critical industries in the manufacturing sector as a whole.... The new working class is not only the wage leader in the sense that it sets the trends for higher wages but also influences other workers in industry and even white-collar workers in their methods of struggle, styles of trade unionism, social habits, language, etc. In a definite sense it constitutes the opinion maker within the working class as a whole."[18] The workers' awakening to trade unions is a fairly recent phenomenon since older studies[19] reported the workers' general disinterest in trade union activities. Ashraf, in his study of workers at Kanpur, found socio-political consciousness and trade union affiliation to be interdependent. With the emergence of the new worker who is confident and aware, trade unions have come to play an important role. The trade union is considered a protector in general terms. Thankappan feels that "some of the most important events in trade unionism during the last 5–8 years whether they are strikes or solidarity struggles in support of other workers' struggles, are directly related to the initiatives taken by the new working class".[20] But are these strikes warranted? With such strict government regulations, is the worker truly underpaid? In spite of the fact that workers' wages have increased, there has been an 'erosion' of wages owing to the sharp increase in the consumer price index.[21] The working class is aware of this and attributes "the stagnation or erosion of its standard of living directly to its increased exploitation at the hands of the employers. That is one of the reasons for the militancy of even the better paid workers", opines Thankappan.

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[14] *Business India*, op. cit., p. 7.

[15] R. Nair, "Worker's key to productivity", *Journal of Transport Management*, May 1982, pp. 25–26.

[16] Vaid and Sharma, in: A. Monappa and M. S. Saiyadain, op. cit., p. 41.

[17] Lambert, op. cit., p. 4.

[18] *Business India*, op. cit., p. 28.

Is the trade union movement in India efficient enough to handle the problems of workers? Most of the larger trade unions have definite political affiliations, and act or react according to political trends, the workers being mere pawns in the game. But the new worker seems determined not to be used as a crutch by political activists. This is not always the case. With their new found power, trade union leaders often seek to put pressure on managements with no legalistic base to their demands, aided as they are, often, by political clout. To add to the already complex scene, there is the pressure of inter-union rivalry with each union claiming sole bargaining rights. Sometimes, to divide the workers and thus weaken them, rival unions are patronised by the management. The credibility of the trade union movement in Kanpur rated rather low, in the eyes of the working population, during the strike at Swadeshi Cotton Mills where "the trade union leadership proved to be ineffective in organizing the workers' struggle for securing the very basic demand of the workers, for their very wage".[22] Legitimate claims become mixed up with demonstrations, arson and looting and in this melee the workers' demands are often forgotten, making the whole thing seem badly conceived and illegal. Mehta, himself a trade union leader, puts it succinctly when he says, "even with so much inter-union rivalry there are hardly any ideological differences. It is more a scramble for power."[23] If effective leadership is not forthcoming among trade unions in the future, the already prominent trend of independent plant-based unions which generally involve a large number of workers is sure to dominate the industrial relations scene.

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[19] Monappa and Saiyadain, op. cit., p. 38.

[20] *Business India*, op. cit., p. 27.

[21] *Ibid.*

[22] N. Chakravarthy, A. K. Roy, and S. Saberwal, "Massacre of Kanpur Workers", *Economic and Political Weekly*, Mar. 4, 1978, 442–445.

[23] R. J. Mehta, in: "Interview of the Fortnight", *India Today*, July 16–31, 39.

In its March-April issue, 1979, *Business India* reported that independent plant-based unions have been so successful in influencing other workers that the decline or stagnation of once powerful unions such as the CPI led AITUC and the Socialist led HMP and HMS in the major industrial areas is directly related to their influence.[24] Ketkar, labour correspondent of the *Economic Times*, feels that labour is moving away from politically motivated groups and "has begun to constitute itself as a new estate in society not under the tutelage of another class or political party but on its own initiative".[25] This is primarily because of the lack of effective leadership and corruption in trade union politics. Tulpule, however, feels that there is "ample leadership material"[26] in the generation that has come into industry in the last 15 years. Only if trade unions can prove their mettle will they last out the next generation though they have ample scope as the worker really considers his union the last resort to settle his grievances and he usually supports it in a crisis, sometimes in spite of his personal misgivings.

Profile of the New Worker

The picture of today's industrial workers emerging from most accounts is in contrast to the one depicting the workers of the 1940s and 50s. This change is basically because of the growth of industry, demanding more technological and industrial skills. This in turn means the workers inducted into this kind of establishment would have a higher level of education as compared to those in the more traditional industries, say textiles. These 'new workers' tend to be second or even third-generation workers, unlike the half-peasants who found it difficult to overcome their parochial attitudes and chauvinism.[27] They realise their indispensability and bargaining power and are ready to move on and improve their educational qualifications to better themselves. Most often these new workers have jobs in the critical industries and hence will not allow themselves to be exploited. Even though the trade union movement has not proved wholly effective, without clear programmes or organization, workers today are no longer docile, inarticulate and diffident. They are definitely a class to contend with, who will intensify their efforts in the future and whose attitudes and aspirations are of utmost importance to industrial peace.

The new workers are definitely committed to the industrial way of life even if some are prone to look back with nostalgia and reminisce about the clean environment of the villages. There seems an imminent need for the government, through legislation and for managements, through discussions,

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[24] *Business India*, p. 28.

[25] Ibid.

[26] B. Tulpule, Interview in *Business India*, *Business India*, Dec. 24, 1979–Jan. 6, 1980, p. 100.

[27] *Business India*, op. cit.

to seriously consider issues that concern workers and work out an amenable solution. Most accounts of their daily life indicate the poor quality of their living conditions which seem to have a greater impact indirectly on them as individuals than the drudgery of their jobs (Exhibit 2.1). There is definitely the need to improve workers' living conditions and provide basic amenities in order to make their lives more meaningful. Mere revision of wages and bonuses will not help to raise his standard of living or improve his commitment, but rather drive him to the bottle or the gambling den in an attempt to escape his immediate social environment.

The new worker is not an individual to be taken for granted. Workers unable to press their demands by legitimate means are finding recourse in militant action and are being attracted to leaders with militant ideals. The key to the industrial relations scene in the country rests in the hands of the workers, and their well-being and commitment is crucial to the progress of modern India. Mansara is not a typical example of the new industrial worker. However, it is workers like him who form a majority of the industrial work force—greatly influenced by the new industrial workers who though in a minority, dominate the general trend of industrial practices.

Exhibit 2.1*

To Wana Mansara, a 55-year-old unskilled labourer working in a factory in North Bombay, modern industrial life has given precious little satisfaction. Mansara scarcely fits the image of the modern industrial worker. One look at his thin emaciated frame, soiled clothes and troubled eyes, convinces one that life so far has had little to offer him.

"There is really nothing I can say about my daily routine," Mansara says cynically. Mansara lives in a small 20'×10' room in one of the foulest slums in the eastern suburbs along with his family of nine. His working hours are 7.15 a.m. to 3.45 p.m. Mansara has to be up before 6 o'clock and stand in a long queue at the municipal tap for water although there are enough people in his family who can perform that hour-long chore—his wife, his 24-year-old daughter, his son-in-law, his 22-year-old son, daughter-in-law, another son, age 14, and another daughter. All of them and Mansara's young grandson live in the hut.

As soon as he gets dressed, Mansara sets out on foot for the factory without any breakfast but with a lunch *dabba* in his hand. He cannot afford to buy his lunch in the factory canteen although it is subsidised. Mansara's monthly wage works out to less than Rs. 600 which barely ensures the hand-to-mouth existence of the entire family. In the factory where he has been a daily wage (*bigari*) worker for 23 years, his job is to load and unload trucks with finished goods and raw materials and carry out sundry errands.

Boring and Bad

"My job is boring and bad. I'm glad to get off at 3.45 p.m." says Mansara. "Then I go home and that is all. What else is there to do? Think about the stink in the slum? Well, it's there. The quarrels over the municipal tap, traffic in illicit liquor, the floods and the slush in the monsoons, the leaking hut and all that? Well . . . that is life."

Mansara feels that his brothers whom he left 24 years ago in Nasik district to till a few acres of dry land, are leading a "relatively better life". But Mansara could not live in the village because the land was not enough to sustain the family. So he came to

*Source : "The new working class", *Business India*, May 19–April 1, 1979, p. 36.

Bombay in search of a livelihood and found a job at the factory. Ever since then Mansara has lived in the hut which he had built himself. "Today I have to pay Rs. 40 to the municipal authority as rent for the land I occupy. Why should I have to pay this rent? It's absurd. The bloody municipal authorities have no right to ask me for rent . . . The whole thing is so unjust."

Mansara's bitterness and grievances are not confined to the municipal authorities. As a scheduled caste turned Budhist, and a worker, Mansara feels he has had to suffer injustice all his life. "People in my situation tend to lose all hope in life, to give up, to become, tame, submissive and fatalistic. Many of them take to gambling and alcohol. But fortunately I'm free of such addictions and still have some control over myself. I can still fight."

In fact, Mansara is a militant trade unionist and was the victim of an assault in January by members of a rival trade union. Mansara, inarticulate and incoherent when speaking about his family and his house, suddenly comes to life while talking about his union and removes the head cloth he dons like a number of his fellow workers, to show a long raw scar on his forehead.

"See this?", he asks with visible anger on his face. "This is the price I have had to pay for supporting Datta Samant and for being with his association of Engineering Workers. Employers and the government loathe those unions which really are for the workers. They only want unions they can pocket. They try to break up the honest unions. That's why there is violence. I was attacked because I refused to become a member of a rival union which is a stooge of the bosses . . . I was stabbed three times by a rogue and the doctor had to put 18 stitches . . . My son, who also worked in the factory was removed just because he supported Dr. Samant", says Mansara in a Marathi which retains the flavour of a rural accent even after 24 years of exposure to urban life.

Menacing Tool

But what is so special about Dr. Datta Samant? Why does Mansara believe that Samant is an honest unionist? Mansara is somewhat offended that his leader's integrity is challenged. His nostrils flare up. There is almost a menacing look in his eyes. But then, he controls himself and explains: "Look, I have been in the Godrej factory since 1956. Do you know what the annual increment in my daily wage scale was then?—12 paise. Dr. Samant came to our factory in 1972 and the annual increment became 40 paise."

"Before Dr. Samant, the union was led by several people. But we never know what agreement was signed by our union and when. We knew it only when the workers read it on the notice board. Not so with Dr. Samant. Long before making any agreement with the owners, Dr. Samant tells us in a meeting what he is going to do. He never goes alone to the owner to make an agreement. We know he is honest. We know he is not a *chamcha* of the management."

Mansara is also bitter about the management's attitude towards militant workers. "If you are in favour of the management, you get all the facilities. If you fight for or assert your rights, then God help you. Don't you think I want to live in a better place? But I can't because I can't afford it. And I would never get the company's quarters because I support Dr. Samant . . ."

Mansara has many complaints against the management. He recalls: "When I joined the factory in 1956, the company was producing 26 refrigerators a day. I remember because I used to load them on to trucks. Today the company manufactures 222 refrigerators daily and sells them at much higher prices. And yet our living conditions have not changed though apparently our earnings have increased. Even this increase is not at all proportionate to the increased production of the factory. Why should not I gain anything when the factory has expanded so much?"

"Really, what we need is leaders like Dr. Samant who can give us justice", Mansara ruminates. "Management or the government on their own will never give anything to workers."

Does it mean that good leaders are all that is needed? "Look, all leaders are not like Dr. Samant. . . Owners and big people like those in the government are angry with him not because he instigates violence—in fact, he does not, big people do violence to break him—because he cannot be bought or corrupted, . . . because he does not become their *chamcha*. . . So we need leaders like him . . . and of course we must have our own organized strength. Without a militant organization We'll get nowhere.

"As long as there is injustice in society, we'll have to remain organized and vigilant to fight it, whether it is economic, political or social injustice", says Mansara. In Mansara's view while there is a great deal of social injustice in India, based on caste differences, he has not experienced it since he left his village, even though he is a neo-Buddhist.[4] "I am never made to feel that I belong to an inferior caste. All workers who work shoulder to shoulder with me live in the same way as I do, treat me as a comrade, a mate never thinking of caste. . . . But there are castes amongst workers. Two castes: the *chamchas*, scaps, blacklegs, who are a minority, and the rest who are in the majority. The first lot belong to the upper caste and get many special favours and advantages. The people like me, the majority, belong to the lower caste and life's rough for us. But I'm happy here. I would rather remain here."

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Trade Unions

Trade unions are a major component of the modern industrial relations system. A trade union of workers is an organization formed by workers to protect their interests, improve their working conditions, etc. All trade unions have objectives or goals to achieve, which are contained in their constitution, and each has its own strategy to reach those goals.

Trade unions are now considered a sub-system, which seeks to serve the specific sub-group's interest (i.e. the workers') and also considers itself a part of the organization, in terms of the latter's viability and contribution to the growth of the community of which it is a part. Therefore, there are trade unions of blue-collar workers, white-collar employees and also employers.

Trade unions came into being for a variety of purposes. Individual workers found it more advantageous to band together and seek to establish their terms and conditions of employment. They realised that if they bargained as individuals, the employer would have a better leverage, for an individual would not matter as much as a group in terms of the running of the enterprise. Since a group's contribution is much larger than an individual's, so are the effects of its withdrawal. Also, an individual may not be able to organize and defend his interests as well as a group can. Therefore, workers saw the advantages of organizing themselves into groups to improve their terms and conditions of employment.

Notes:

1. Our focus in this chapter is only on workers. There are other associations which are also Trade Unions like Employers' Organizations, which is discussed in Chapter 4.
2. Data regarding the four federations was collected from union functionaries as also from publications listed in the chapter references and readings.

Employers also found it advantageous to deal with a group, or a representative of a group rather than go through the process of dealing with each individual over a length of time.

With the changed political, social and educational environment in terms of awareness of rights—the right to organize, the right to bargain, and settle terms and conditions of employment—labour or worker unions sprang up in order to protect and further worker interests. Additionally, the influence of political parties interested in acquiring a foothold in the labour movement also provided the impetus for the formation of labour unions.

Historical Evolution of Trade Unions in India

In India, the foundation of modern industry was laid between 1850 and 1870. This was also the period of emergence of the Indian working class.[1] Indian enterprises started growing side by side with the British ones in all spheres of the national economy. During this period of the growth of Indian capitalist enterprises, the working and living conditions of the labour were poor[2] and their working hours were long. This was testified by commissions like the Indian Factory Labour Commission (1908) and the Royal Commission of Labour (1931). In addition to the long working hours, their wages were low and the general economic condition was poor in industries. In order to regulate the working hours and other service conditions of the Indian textile labourers, the Indian Factories Act was enacted in 1881. As a result, employment of child labour was prohibited. This Act required the formation of a machinery for the inspection of factories. Another factor which provided the background for the Indian trade union movement was the birth of the Indian National Congress in 1885. The trade union movement in India can be divided into three phases. The first phase falls between 1850 and 1900 during which inception of trade unions took place. Guided by educated philanthropists and social workers, the growth of the trade union movement was slow in this phase. During this period workers possessed no trade union in the true sense of the term. As a result of the prevailing poor working conditions and long hours of work, many strikes took place in the two decades following 1880[3] in all industrial cities. These strikes taught workers to understand the power of united action even though they had no unions. Small associations came up in Bombay (e.g. the Bombay Mill-hands Association) and in Calcutta.

The second phase of the Indian trade union movement falls between 1900 and 1947. This phase was characterised by the development of organized trade unions and political movements of the working class. It also witnessed the emergence of militant trade unionism. The period 1900 to

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[1] S. Sen, *Working Class of India: History of Emergence and Management 1830-1970*, Calcutta, K. P. Bagchi & Co., 1977, p. 35.

[2] Sen, op. cit., p. 37.

[3] Sen, op. cit., p. 81.

1915 was the preparatory phase for organized trade union movement. Later the First World War (1914–1918) and the Russian Revolution of 1917 gave a new turn to the Indian trade union movement and led to organized efforts on the part of workers to form trade unions. It was estimated that in 1920 there were 125 unions, with a total membership of 250,000. In 1920, the first national trade union organization (the All India Trade Union Congress) was established. Many of the leaders of this organization were leaders of the national movement.[4]

The third phase began with the emergence of independent India (in 1947), and the Government sought the cooperation of the unions for planned economic development.[5]

The working class movement was also politicised along the lines of the political parties.[6] For instance, Indian National Trade Union Congress is the trade union arm of the Congress Party. The All India Trade Union Congress is the trade union arm of the Communist Party of India and subsequently the socialists left to set up another national worker federation, the Hind Mazdoor Sabha. The Centre of Indian Trade Unions organized in 1970, has close links with the Communist Party of India-Marxist (CPI-M). Besides workers, white-collar employees, supervisors and managers are also organized by the trade unions, as for example in the banking, insurance and petroleum industries.

Craft and General Unions

This type of union is more prevalent in developed western societies, where the industrial way of life has had a longer history. A craft union is built around a certain specialised skill, which has necessitated a special type of training. Craft unions are therefore open to members of a certain trade/skill, like Air India's navigator's union. On the other hand, a general union is open to all members irrespective of their skills cutting across trades/skills and could include unskilled, semi-skilled, and skilled workers.

Closed Shop/Union Shop

In such situations the union makes employment conditional on union membership, one variation being that employment is routed through the union, where it acts as a labour supplier and, in another, once employed, an employee is required to join the union.

Check Off

The check-off system is a practice where the management collects an em-

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[4] S. D. Punekar, S. B. Deodhar, and S. Sankaran, "Labour Welfare", *Trade Unionism and Industrial Relations*, Bombay, Himalaya Publishing House, 1978.

[5] S. N. Dhyani, *Trade Unions and the Right to Strike: A Comparative Socio-Legal Study in Labour Management Relations*, New Delhi, S. Chand, 1970.

[6] Dhyani, op. cit.

ployee's union dues, as a wage deduction and gives a lumpsum amount to the union. This is a facility that ensures totality of collection of union dues, with no excuse for employees to desist from paying for one reason or the other, as it could happen in a voluntary system. Such a facility is provided only to a recognised union.

Blue-Collar and White-Collar Workers

A distinction is made on the basis of the level and status of the employee for membership of the unions. All shop floor workers (part of the production system who operate machines and related systems) are termed blue-collar workers, and all clerical or office staff, who do not work on the shop floor are termed white-collar workers.

White-collar workers or non-manual workers form a distinct social group characterised by divergent socioeconomic backgrounds, levels of education, manner of speech, social customs and ideology.[7] They are paid on a monthly basis unlike their blue-collar colleagues, enjoy longer holidays and different privileges as compared to the blue-collar workers. But the most important feature is their nature of work.

The white-collar worker is usually involved in a desk job or providing services over the counter. They are generally better educated and working at jobs which involve utilisation of their mental capabilities to a greater extent. The members of these groups, usually seem more inclined towards Management than blue-collar workers.

At one time because of their professional skills and social standing they were better paid, and had better terms and conditions of employment, including more perquisites and fringe benefits. However, of late, blue-collar workers, especially the highly skilled categories, who are in greater demand, have higher wage incomes and perhaps better union protection and job security. This is not only because of the efforts made by the unions but also because of the socialist orientation of the government which has been manifested in its labour legislation.

The white-collar workers are concentrated in the fields of commerce, transport, storage and communication. The workers engaged in different occupations that fall under this category are professional, administrative, executive and managerial workers, clerical and related workers, sales staff, farm managers, technical, supervisory and other workers engaged in transport and communication services or in sports and recreation facilities, artists, musicians.

Regardless of the group's position in the organization structure of an industry, they are linked with their employers by being associated with that part of the productive process where authority is exercised and decisions are taken.[8]

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[7] S. M. Pandey, "The changing characteristics of white-collar workers in India", *Indian Journal of Labour Economics*, X(4), Jan. 1968.

It has been found[9] that white-collar unionism is expanding. These workers have begun to fight for better pay scales, more fringe benefits, internal promotions, etc. following the method of agitation and litigation. Their strong points are a large membership, sound finance, internal leadership.

Today, trade unions wield a lot of power. The trade union leaders play an important role so much so that they "influence vital channels of productive and strategic functions. Economic and social decisions affecting working class people are taken by the Government in consultation with the leaders of the trade union movement."[10] For instance, the trade union leaders participate in the meetings of the Indian Labour Conference, consultative bodies, wage boards, etc.

Another recent development as far as white-collar unions are concerned is the militancy among workers. They realise that by exerting pressure on employers through union power their demands will be met sooner.

TABLE 3.1 White-Collar Workers

Sample of occupational groups	Numbers
Professional, technical and related workers	4,083,300
Administrative and managerial personnel	670,300
Clerical and related workers	5,231,600
Sales workers	1,620,400
Service workers	3,614,500
Farm sectors, supervisors and workers	1,958,600
Production, transport and communication	11,990,300
Workers not classifiable by occupation	1,290,500

Source: International Labour Office, *Year Book of Labour Statistics*, Geneva, 1977, p. 222.

In the post-Second World War period, there has been a tremendous increase in the number of white-collar workers in India moving to the growth of industries, increase in the number of banks, insurance companies, commercial offices and increase in the number of government and semi-government offices. According to the 1951 census the number of persons engaged in non-manual operations was 23 million out of a total working population of 139 million. In 1961, out of 188 million workers 28 million were white-collar workers. According to the 1971 census the population of India was 540 million of which the total working population was 180 million, (32.92%), white-collar workers being 31 million. Table 3.1 gives the occupational distribution of white-collar workers.

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[8] L. G. Renceinmen, *Relative Deprivation and Social Justice*, London, Routledge and Kegan Paul, 1966.

[9] S. D. Punekar and M. G. Savur, *Management White Collar Relations*, Bombay, Popular Prakashan, 1971.

[10] H. C. Gupta, *Economics for Trade Unionists*, Calcutta, Minerva Associates, 1976, p. 8.

White-Collar Unions

In India unionisation among white-collar workers began as early as 1897 and in 1897, the National Union of Railwaymen of India and Burma was formed. However, unionisation among the workers did not have any significant growth before the Second World War. Since 1947, the growth of unionisation among white-collar workers has been due to inflation, the realisation of effectiveness of collective bargaining, etc.[11]

Of the 31 million white-collar workers, 1.1 million are unionised and there are 1,448 trade unions of white-collar workers (Table 3.2).

TABLE 3.2 Membership of registered trade unions in certain industry groups in india

	Number of unions submitting returns	Membership in lakhs (for 1971)
Commerce	593	2.23
Transport, Storage, Communication	147	6.10
Services	708	2.26
Total	1448	10.59

Source: *Indian Labour Statistics*, Labour Bureau, Ministry of Labour, Government of India, Simla, 1976, pp. 169–181.

Some of the important trade unions of white-collar employees are the All India Bank Employees Union, the All India Defence Employees Federation, the National Federation of P&T Workers, the Confederation of Central Government Employees and the Indian Federation of Working Journalists. All white-collar unions are independent in that they are not affiliated to any central trade union organization. Their leadership is largely endogenous.

Agricultural Labour

Agricultural labourers are those whose main source of income is farm wage employment. According to the agricultural labour enquiries, an agricultural labourer is one who is employed not only in crop production but also hired in employment in other agricultural occupations such as dairy farm-ing, horticulture, raising of livestock, bees, poultry, etc.

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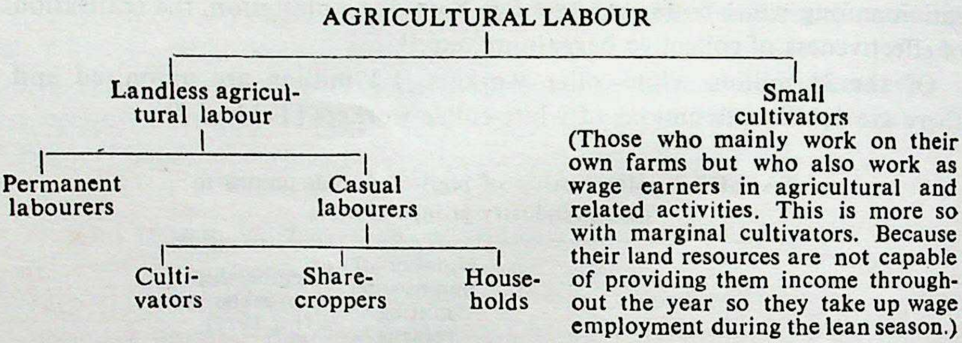
[11] V. B. Singh, *An Introduction to the Study of Indian Labour Problems*, Agra, Shivalal Agarwal & Co., 1967, p. 182.

Agricultural labour consists of two such categories (Chart 3.1) namely (i) landless agricultural labour; and (ii) small cultivators, whose main source of income, due to their small holdings, is wage employment. Landless labour is again divided into: (i) permanent labour attached to a cultivating household; and (ii) casual labour. Casual labour in turn consists of three groups: cultivators, share croppers and households.

CHART 3.1



(Those who mainly work on their own farms but who also work as wage earners in agricultural and related activities. This is more so with marginal cultivators. Because their land resources are not capable of providing them income throughout the year so they take up wage employment during the lean season.)

It has been found that agricultural labour forms some of the most deprived and underprivileged segments of Indian society. Some of the difficulties are that:

1. their wages are low,
2. they perform difficult tasks,
3. they are faced with irregular employment,
4. they lack social security,
5. they do not have assets of great value,
6. their working and living conditions are poor,
7. they are illiterate and thus exploited by the employers,
8. they borrow funds from their employers to support the family which leads to their becoming bonded labour.[12]

Though the wages of casual labourers are better than the other groups, their job prospects are uncertain because they do not get work throughout the year.

According to the Rural Labour Enquiry (1963–65), the wage employment of the agricultural labourer is 247 days a year. Because of this low span employment the casual labourers face acute hardship.

Their poor income is obvious by the fact that a large percentage of them fall below the poverty line—82% of the marginal farmers in Orissa, 79% in Madhya Pradesh, 75% in Uttar Pradesh, 69% in Maharashtra and Tamil

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[12] R. S. Johar and O. P. Sharma, "Agricultural Labourers : A socioeconomic survey", *Indian Journal of Labour Economics*, XXI(3), Oct. 1978, pp. 54–66.

Nadu, 68% in Rajasthan and Mysore, and 66% in Gujarat are living below the poverty line. About 50–60% of agricultural labour fall into this category.

Faced with these problems they need improvement in two directions. On the one hand, wages and working conditions need to be improved and on the other, there is the necessity of finding job opportunities and obtaining benefits to which they are entitled. Thus there is a need for organizing agricultural labour to safeguard their interests.

In this regard it is felt that there is a strong case for the unionisation of agricultural labour, but progress in this direction is not very satisfying.[13] According to the 1971 census, agricultural labourers numbered 47.49 million, while the membership of their unions submitting returns was 93,000 which shows how poorly organized agricultural labour is.

Some of the constraints that come in the way of organizing this group are that they are scattered, often dependent on their landlords, their lack of cohesiveness because of their diverse cultures and the illiteracy among them.

As such, formation of trade unions by the unorganized and illiterate agricultural labour could lead to class conflict. Hence it is proposed that in order to solve these problems rural labour cooperatives be organized instead of trade unions, whose objectives could be to bring the agricultural labourer into the fold of some organization similar to trade unions. This would have certain advantages.[14] Their co-operatives would be run by local leaders who know the problems of the labourer and could therefore provide the necessary leadership as well. Efforts have been made in this direction in Kerala and Gujarat.

In India, a distinction is made between agricultural labour and plantation labour. The latter have been within the pale of special legislation and have organized trade unions, which protect and further their interests through collective bargaining.

Some of the plantations are those of tea, coffee, rubber and cardamom and they are generally considered an industry. They have been well developed and organized since colonial times. The United Planters Association of South India (UPASI) located at Coonoor is an example of an industry-level employers organization, which among other things negotiates industry-wise agreements with trade unions covering plantations in the southern states of Karnataka, Kerala and Tamil Nadu. Besides settling the terms and conditions of employment and acting as an employer's spokesman and guide it has also ventured into welfare-oriented activities for the workers like the Family and Health and Dairy Development Project in the Nilgiris.

Table 3.3 gives the break up of the total population and the working population in the several categories. Table 3.4 gives a break up of the various occupational categories of the working population.

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[13] A. Aziz, "Unionising agricultural labourers in India: A strategy", *Indian Journal of Industrial Relations*, 13(3), Jan. 1978, p. 308.

[14] Aziz, op. cit.

TABLE 3.3 Classification of India's Population and Workers in Organized Industry

1. Labour Force Structure 1960–1980 (in percentage):

	Agriculture 1960–1980		Industry 19601–980		Services 1960–1980	
India	74.0	62.2	11.3	17.2	14.7	20.6

2. Population of India (in millions):

	1981	1971	1961
Population	685	548	439
Workers (main)	223	180	189
Main workers as a % to total population	33.4%	32.92%	43%

3. Employment in Organised Sector (in millions):

	Cent. Govt.	State Govt.	Quasi Govt.	Total	Pvt. Sector	G. Total
1980	3.18	5.48	4.34	15.08	7.23	22.31
1981	3.20	5.75	4.55	15.48	7.40	22.88
1982	3.25	5.85	4.81	15.95	7.55	23.49

Sources: 1. *ILO World Labour Report*, Geneva, 1984, p. 5.
2. *Statistical Outline of India*, 1984.
Tata Services Ltd., Bombay, p. 30, 132.

Note: In the 1981 Census, 'Main Workers' were defined as those who were engaged in any economically productive activity for a minimum 183 days during the year preceding the date of enumeration.

TABLE 3.4 Economic Classification of Main Workers, 1981*

	Total main workers (in million)		% distribution
Cultivators	92.5	Cultivators	41.6
Agricultural labourers	55.5	Agricultural labourers	24.9
Livestock, forestry, etc.	5.0	Livestock, forestry, etc.	2.2
Mining and quarrying	1.3	Mining and quarrying	0.6
Household industry	7.7	Household industry	3.5
Other industry	17.4	Other industry	7.8
Construction	3.6	Construction	1.6
Trade and commerce	13.9	Trade and Commerce	6.3
Transport, communications, etc.	6.1	Transport, communications, etc.	2.7
Other services	19.5	Other services	8.8
Total	222.5	Total	100.0

*Based on 5% sample data of the 1981 Census and excludes Assam. Statistical outline of India, 1984, Tata Services Ltd., Bombay, p. 41.

This data will provide a useful background to understanding the process and extent of unionisation which is discussed subsequently.

Unionisation: Law and Environment

Two factors are relevant to the process of unionisation in India. They relate to trade union law and to political parties and their labour strategy.

The Trade Union Act, 1926, states as follows:

> Any seven or more members of a trade union may, by subscribing their names to the rules of the trade union and by otherwise complying with the provisions of this Act with respect to registration, apply for registration of the trade union under this Act.[15]

Undoubtedly, this provision in labour legislation has contributed to the formation of many unions as the data on the number of registered trade unions shows. Needless to add, there are many more unregistered trade unions.

Another factor to be taken note of is that the major political parties such as the Congress, Communist, the CPI and the Socialist each has a federation at the apex or national level to which unions at the plant and state level are affiliated.

The organization pattern of a trade union federation is usually three-tiered. Units exist at the plant or shop, state and the national level. We shall now examine the three levels in some detail.

National Level Federations

Historically, four major federations have been in existence and have established a national network of federated unions. They are the All India Trade Union Congress (AITUC), Indian National Trade Union Congress (INTUC), United Trade Union Congress (UTUC), and Hind Mazdoor Sabha (HMS). The UTUC has to a certain extent merged with the Centre of Indian Trade Unions (CITU) and therefore we shall examine the CITU Federation.

All India Trade Union Congress (AITUC)

This national federation was established in 1921. Ideologically it is linked with the communist philosophy and therefore espouses a more radical approach, as compared to some of the other federations, in attaining the workers' interests and goals. In 1979 it had a total of 1,307,471 members.

Organizational Structure

The organizational set up is as follows: (i) The affiliated unions (unit/local level); (ii) provincial bodies (state level); (iii) the general council including office bearers (which incorporates the working committee of the general council); and (iv) the delegates to the general or special session.

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[15] C. A. Myers and S. Kannappan, *Industrial Relations in India*, Bombay, Asia Publishing House, 1970.

The general council consists of the president, seven vice-presidents, a general secretary, a treasurer and not more than five secretaries and members elected by the AITUC on the basis of the total affiliated membership of unions in each state, roughly at the rate of one representative for every 5000 members.

The working committee consists of all office bearers of the AITUC as ex-officio members and 35 elected by the general council by a system of cumulative voting.

The general session of the AITUC meets once in two years, the general council meets once a year, and the working committee at least twice a year. The day-to-day operation and implementation is carried out by the General Secretary and his administrative staff at the national and state levels.

Objectives

The major objectives of AITUC are:

- —To establish a socialist state in India and the nationalisation of the means of production, distribution and exchange as far as possible.
- —To improve the economic and social conditions of the working class, by securing better terms and conditions of employment.
- —To safeguard and promote the workers' right to free speech, freedom of association and assembly and the right to strike.

Methods

For the furtherance of these objectives the means to be adopted by AITUC are to be legitimate, peaceful, and democratic, viz. legislation, education, propagation, mass meeting, negotiations, demonstrations, and as a last resort the staging of a strike.

Membership and Finance

The source of funds is: (i) an annual contribution of Rs. 15 for unions with 500 members and less; (ii) affiliation fees at the rate of 5 paise per member with a minimum of Rs. 20 for unions with a membership above 500; (iii) a delegate fee of Rs. 12 per delegate; and (iv) any other levy which may be fixed by a two-thirds majority of the General Council. The levy is fixed at the rate of Rs. 5 per 1000 members.

Indian National Trade Union Congress (INTUC)

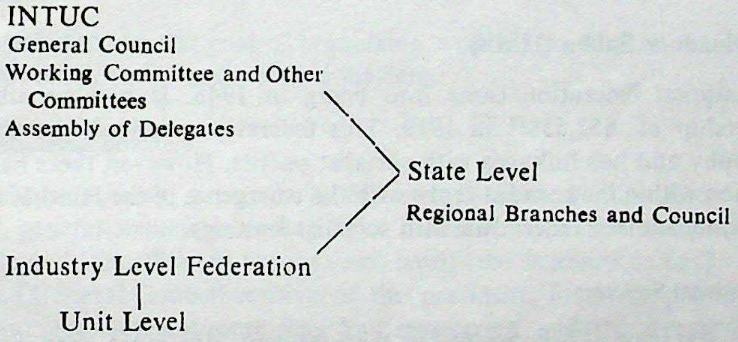
This union was organized in 1947 with active support and encouragement from Congress leaders. It wanted to bring about a peaceful non-violent solution to industrial disputes.

It has a total membership of 2,388,451 which makes it the largest national federation.[16]

Organizational Structure (See Chart 3.2)

The basic pattern of organization in the INTUC is the industry level federation. In other words, units are grouped together for the purpose of negotiating the terms and conditions of employment, such as wage rates, hours of work and other related fringe benefits and working conditions at the industry level which are to be implemented at the lower level. This method enables a perspective being taken for the entire industry, rather than a piecemeal approach unitwise. The support services are provided by the regional branches and the councils. The apex body which is representative of the federation takes an overall point of view, regarding the broader issues, such as environment, legislation and governmental policies, and gives directions to the regional branches.

CHART 3.2 Organizational Structure of INTUC


INTUC
General Council
Working Committee and Other Committees
Assembly of Delegates
State Level
Regional Branches and Council
Industry Level Federation
Unit Level

Objectives

It seeks to establish a society in which there is an opportunity for the development of individuals and the eradication of anti-social concentration of power in any form and therefore to nationalise industry. The main objectives are:

—To ensure full employment.

—To secure greater participation of workers in the management of enterprises.

—To secure complete organization of all categories of workers including agricultural labour.

—To organize workers on an industry-wise basis.

—To improve the conditions at work and to provide various social security measures.

—To develop among the workers a sense of responsibility towards industry and the community.

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[16] "Workers of India Unite", *India Today*, June 16–30, 1979, p. 74.

Methods

The means to be adopted for the furtherance of these objectives are to be peaceful through due process of law and negotiations.

Membership and Finance

Any organization of workers accepting the constitution of the INTUC and with a subscription rate of not less than 25 paise per month is entitled to affiliation with the INTUC provided it is not affiliated with any rival organization or any of its executive committee members are not members of a rival union. All the unions affiliated to INTUC and belonging to the same industry are required to join the corresponding industrial federation, e.g. the Indian National Textile Workers Federation, the National Federation of Indian Railwaymen, etc.

Every affiliated organization is required to pay the Congress an annual affiliation fee at the rate of 10 paise per member on its rolls subject to a minimum of Rs. 15.

Hind Mazdoor Sabha (HMS)

This national federation came into being in 1948. It had an affiliated membership of 852,558[17] in 1979. This federation espouses the socialist philosophy and has linkages with socialist parties. However, there has been a division within the socialist ranks with the emergence of the Hind Mazdoor Panchayat, another federation with socialist leanings.

Organizational Structure

The general council is composed of the president, not more than five vice presidents, a general secretary, not more than two secretaries, a treasurer and other members representing various industrial sections. The office bearers are elected at the annual convention.

Objectives

The main aims of the Hind Mazdoor Sabha are:

—To promote the economic, political and social interests of the workers and to improve their terms and conditions of employment.

—To form a federation of unions from the same industry or occupation at the national level.

—To promote the formation of co-operative societies and to foster workers' education.

Methods

The method employed shall be legitimate, peaceful and democratic.

[17] *India Today*, op. cit.

Membership and Finance

The membership of HMS is open to all bonafide trade unions, including federations of trade unions. The general council of the Sabha has authority to accept or reject any application.

The collection of funds of HMS is carried out through: (i) affiliation fees of 5 paise per member per annum subject to a minimum of Rs. 20; (ii) a delegate fee of Rs. 3 per delegate; and (iii) any other levy that may be fixed by the general council.

Centre of Indian Trade Unions (CITU)

This is a national federation which was established in 1971 as a result of the split in the AITUC which was a sequel to the split in the CPI a new centre, the Centre of Indian Trade Unions (CITU) emerged owing to its allegiance to the CPI(M). In 1979 it had 817,805 members.[18]

Objectives

It is animated by the goal of organizing workers to further their interests in economic, social and political matters.

Organizational Structure

The organizational set-up is as follows: (i) central committee (national level, general council, including office bearers); (ii) a state committee (state level); and (iii) affiliated unions (unit level) (the Primary unions).

The General Council consists of the president, four vice-presidents, the general secretary, not more than four secretaries, and the treasurer. Members are elected by CITU on the basis of the total affiliated membership of unions in each state, at the rate of one delegate for every 500 members.

The general council of CITU meets once in two years, and the state committee at least twice a year. The day-to-day operations and administration are carried out by the general secretary and his staff at the state level.

Methods

To further its objectives the methods to be adopted by CITU are legislation, demonstrations, agitations and intensification of the class struggle.

Membership and Finance

Any union can be affiliated to CITU by paying a subscription (affiliation fee) of 20 paise per year per member (minimum of Rs. 40 per union if it is small). Each union applies to the state committee which after scrutinising recommends its acceptance to the central committee.

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[18] *India Today*, op. cit.

The funds of CITU are derived from: (i) the affiliation fees of 20 paise per member per year to a minimum of Rs. 40; (ii) the delegate fee of Rs. 5 per delegate; (iii) any other levy that may be fixed by the general council.

Other National Trade Unions

Besides these three federations at the national level, there are others like the United Trade Union Congress (UTUC), the National Labour Organization (NLO), the Bhartiya Mazdoor Sangh (BMS), and the Hind Mazdoor Panchayat (HMP)—an off-shoot of the Socialist Party. Some of these have stronger regional affiliations than a national coverage.

Industry Level Unions

We will now examine the pattern of an industry level union—the Textile Labour Association, Ahmedabad (TLA). Though TLA has diversified into an unorganized sector, its strength and major contribution has been in the textile industry.

The Textile Labour Association was formally launched in 1920 and is substantially influenced by Gandhian philosophy in its trade union activities. It started as a craft union, with the warpers informally negotiating a wage increase. Subsequently it grew into a confederation of several craft unions (occupational groupings functioning under the aegis of TLA). With the passage of time, the craft unions, and the confederations have all merged into one single entity. The organizational structure reveals the pyramidal type of organization with a federation or the joint representative board of the various occupations being formed on the basis of member strength. The Textile Labour Association has a shop steward system, where the union functionary on the shop floor takes an active role with regard to the rights and interests of the worker. There is also a complaints cell where grievances of workers vis-a-vis their job roles are recorded and followed up. Moreover, there is another cell which takes up employee claims and problems with regard to the operation of the ESI scheme. Many welfare activities are conducted including the setting up of a special cell for women. Of late it has ventured into organizing the workers in backward rural areas in what is termed the unorganized sector. Their approach is non-violent, i.e. peaceful strategies are adopted to further their objectives. Consequently the textile industry in Ahmedabad has an industry level union. Similarly the mill-owners also have an industry association to represent them in all matters concerning negotiations with TLA. These two organizations mutually agree to the terms and conditions of employment, including welfare, leave, etc. for the industry as a whole. Hence all the textile mills who are members of the Mill-owners Association and workers who are a part of TLA are governed by this agreement. By and large, the majority of both the categories are covered by these agreements.

Local Units

Many Indian unions are not affiliated to an industry level federation and in many cases may not have any affiliation to the national federation. They are thus independent local unions centred around a particular plant or a multi-plant organization. These plant firm-wise unions embrace all employees of a plant/unit irrespective of occupational groups. They vary in numerical strength from small units to medium and large ones. In some cases, in times of crisis, they do seek the assistance or guidance of the larger federations or other large unions in related industries. At times many union functionaries may have political loyalties but no union affiliation to a national labour federation. Such political loyalties may be to a particular regional party or to a certain ideology. Typically, the union has a president, a secretary, a treasurer and some committee members. Membership is on the basis of employment and payment of dues. At certain times of the year extraordinary collections are made, as at the time of disbursement of bonus. These unions are more concerned with specific issues regarding the workers and their terms and conditions of employment in a particular organization.

Why Unions Lack Cohesion and Power

The large number of federations and plant level unions to some extent detract from cohesion and unity of trade unions. It can be argued that it is of advantage to have big and powerful unions for they can behave like responsible and high level agencies in the development of our economic systems. Large unions would also be in a better position to prospect and further the workers' interests.

The strength of trade unions both in the UK and the USA has been traced to powerful national and international unions. The role of the central organizations of labour such as the American Federation of Labour-Congress of Industrial Organisations (AFL-CIO) in the USA and the Trade Union Congress (TUC) in the UK has been seen as one of largely securing the enactment of legislation and enhancing the legal status of trade unions and of influencing public opinion in favour of organized labour. As national unions, their strength in terms of number and finance makes them strong and viable, and this enables them to wield considerable amount of power and influence in industrial relations at the national level. These federations also guide the policy formulation of the affiliated unions, taking into account the national perspective, and thus act as a restraining influence. The kind of linkage that the plant level local has with its apex body in the US is not the same that its counterparts in India have with their national level federations. Indian trade unions are characterised by a three-tier structure, the national, the state and the unit level where while the policy flows from the top downwards, the state level units are generally more influential. The interrelationship and meshing between the two has somehow not evolved in a knit network, with the parts being greater than the whole in quite a few instances. Owing to paucity of funds and dearth of experienced trade union leaders these state committees tend to become mere co-ordination bodies for independent unions instead of being in themselves powerful bodies having democratic control. The existing pattern of trade union structure has created organizational problems at all levels. The problem originates at the lowest level i.e. plant unions, which are so small in size that they cannot pay their dues regularly to the state committees. Moreover, in the existing set-up owing to the dearth of union organisers the same functionaries work at the local as well as the state level.

Growth of Trade Unions

With the changed political atmosphere in the country and the spreading of ideas about democracy, socialism, the right to a living wage, levelling of

TABLE 3.5 Membership of Workers' Trade Unions

Year	Number of registered unions	Number of unions submitting returns	Membership of unions submitting returns	Average membership per union
1951–52	4,505	2,509	19,88,120	792
1956–57	8,478	4,370	23,73,000	543
1961–62	11,416	6,954	39,60,000	569
1969*	18,460	8,254	48,66,000	589
1970*	20,282	7,692	48,50,000	631
1971*	22,121	8,909	54,31,000	610
1972*	23,882†	8,011	52,77,000	659
1973*	25,208†	7,472	52,81,000	707
1974*	25,776	5,662	41,97,000	741
1975*	24,554†	56,211	41,29,000	734
1976 (P)	28,910 (E)	8,589 (54.4)	—	686
1977 (P)	29,390 (E)	8,286 (55.8)	—	660

*Changed method of reporting for the year.

†Estimated.

(P) Provisional.

(E) Estimated, repeated the previous year figures in respect of those states for which information was not recorded.

Sources:
1. *Pocket Book of Labour Statistics*, Labour Bureau, Ministry of Labour, Government of India, 1976, p. 122.
2. *Indian Labour Statistics*, Labour Bureau, Ministry of Labour, Government of India, 1975, p. 167.
3. *Digest of Labour Statistics*, Labour Bureau, Ministry of Labour, Government of India, 1961, p. 112.
4. *Indian Labour Year Book 1979*, Labour Bureau, Ministry of Labour, Government of India, 1982, p. 74, Table 4.1.

inequalities, the building of a welfare state and similar thoughts, there is no doubt that a steadily increasing number of workers, particularly in the large metropolitan centres, have begun to realise that a trade union organization is very essential for the protection and advancement of the working classes and their interests. However, this realization alone cannot account for the vast expansion that has taken place in the movement (Table 3.5). The more important factors that have led to this development are the creation of new central organizations, the growth of political parties at the national and regional levels, the encouraging labour policies of the government after independence and the propagation of the philosophy of trade unionism.

Certainly, one of the effects of this mushroom growth has been the problems at the plant level, especially in situations where more than one union exists. What is the manager to do in such a situation? The law provides, as was noted above, for any 7 workmen to band together and form a union. What would be the repercussions?

Recognition of a Union

There are two issues of concern here: The first is the issue of recognition of a union per se, especially in a non-unionised situation. The first question that arises is: Which union is one to recognise, or should more than one union be recognised? Related to this is the problem of verification, the process by which the contending unions' claim to membership is cross-checked, to enable one to seek representative status.

The two issues are related to: (i) the need to recognise a union; and (ii) the process to be employed for verification when a union stakes its claim, either in a new union situation or in multi-union situations. This problem arises because at the moment there is no uniform legislation available in all the states and union territories with regard to the recognition issue. There have been attempts time and again at restructuring and streamlining the system but nothing has been effected so far. It is only in states where the Bombay Industrial Relations Act is in force, e.g. Gujarat and Maharashtra, that there are elaborate provisions regarding recognition. The Act classifies trade unions into three categories:

1. Representative union,
2. Qualified union,
3. Primary union.

The basis of this classification is the percentage of membership that a union has at the industry level (e.g. chemical industry) or at the lowest level, the primary union.

The representative union should be able to muster 15% of the total number of employees, employed in any one industry in a contiguous area. The qualified union should have 5% of the employees in an industry enrolled as members and finally the primary union should have 15% or more employees enrolled in a unit or a plant. Therefore it is apparent that there is a scaling down of numbers in terms of the status accorded. The idea is to provide some basis to assess the relative strength of a union seeking recognition.

The Verification Process Under the Code of Discipline

In a situation where a union puts forth a claim to be recognised under the Code of Discipline the Labour Department satisfies itself about the union's representation. The department would collect the following:

1. Particulars of existing unions in the plant, registration number and date of registration, whether the existing recognised union has completed a two-year period, whether any of the unions committed a breach of the Code of Discipline as established by an enquiry of the implementation machinery. Within 10 days the aspirant unions and other existing unions will have to produce documentary evidence to the verification officer in respect of the list of members who have paid subscriptions for three months out of the preceding six months.
2. Membership and subscription.
3. Money receipt counterfoils.
4. Books of accounts.
5. Bank account books (statements).
6. A copy of the constitution of the union.

If there are two unions then both need to furnish the required data. However, if the unions abstain from providing data, the verification officer, after giving 10 days notice, will go ahead with the verification process and come to a judgement.

The verification officer scrutinises the documents in the presence of the union(s) submitting the above data. If any member has been claimed by both the unions then an explanation is called for.

The muster roll of the firm will also be checked to ensure that the names tally in terms of employment and union membership.

After this process of checking and rechecking, the unions concerned can themselves go through the verified list of members and notify their objections, if any. Only specific objections will be considered. The objections will then have to be verified. In order to establish this, a systematic sample of employees will be selected for personal interrogation. The proportion of interviews varies from a figure as high as 29% or a minimum of 100 when the number of names objected to is 500 to 2% or 250 when the number is above 5000 or more.

The verification officer will then submit his report to the government as well as to the management of the firm. This verification process is according to the Code of Discipline. However, since the code is not a statute, his findings have to be accepted in good faith by both the management and unions during their bilateral talks. Many agreements incorporate the acceptance of such voluntary codes.

Rights and Responsibilities of Registered Unions

While the main clauses of the Trade Union Act of 1926, concern the formation of unions, certain other features are also worth noting. Registration, which means formal recognition of a representative body, also entails certain pre-conditions. A registered union must allow membership to anyone over 15 years of age and have 50% of the office bearers from within the industry. It must keep its books of account in order and send its income and expenditure statements to the registrar of trade unions on or before 31st March.

The union can spend its funds on salaries of office bearers, prosecution, defence, etc. for protecting its trade union rights, to provide compensation to members, levy subscription fees, publish periodicals, etc. More important, a registered union can claim protection from being prosecuted for legitimate trade union activities. This protection is under Section 120B, subsection 2 of the Indian Penal Code.

The issue that arises, therefore, is the distinction between a recognised union under the Code of Discipline and a registered union under the Trade Union Act of 1926. The former is a voluntary act and may well concern a representative union, while the latter may not always cover a representative union, especially in multi-union situations where there are many small unions or two or three factions. In the absence of any statute, the recognition of a majority bargaining union of the workers still remains a cumbersome process.

Multiplicity of Unions

This plethora of unions, as Table 3.5 indicates, has led to problems at the plant level. In India, many of the unions are general unions. In this environment, a combination of factors seems to operate—the first being the democratic principle of any seven members being able to form and register a union. In a democracy, even a minority is given an opportunity to organize and further its interests. The Trade Union Act of 1926, also gives sanction to this principle of seven members forming a union. Secondly, given the large number of trade union federations at the national and regional level, which are vying with each other for increased membership there is bound to be disunity among the workers. There is no single federation to which all the other federations belong. The trade union leaders, some of whom are outsiders while others have come up from within the trade union movement, have different approaches to the problems at hand and hence there may, and does come a parting of ways on many occasions.

In multi-union situations at the plant level, the problem of inter-union rivalry frequently poses a managerial problem. Disagreement among unions to technological change, rationalisation, automation or terms and conditions of employment cause work stoppage. Sometimes one union agrees while the other does not for a variety of reasons. These rifts are also due to the rivalry among leaders, or to differences in strategy to be adopted or to differences in ideology. A clash of personalities and egos also plays its part.

One of the effects of industrialisation, which has meant the stepping up of the rate of capital formation, has been a strain on the living standards of workers. This has been coupled with another side effect, i.e. job insecurity—a problem that workers usually face in the initial stages of industrialisation. The growth of unions in such cases has generally been to protect the interest of the working class. The process of industrialisation itself makes for increase in the rate of unionisation. In India this process has not followed the pattern that existed in the developed countries. The merchant-craftsman's stage of capitalism was bypassed and we had instead an abrupt transition from the agricultural pattern of production to the factory pattern of production. In the process the emphasis on craftsmen and their skills got de-emphasised. This, when coupled with the low level of skill formation, not only meant a greater number of unskilled industrial workers, but, also as a consequence, led to the growth of several general industrial unions and hence the problems of inter-union rivalry.

Another factor was the political linkage with unionisation. Unions through their collective action are organizations concerned with the interest of a particular class. Hence they are also concerned with the distribution of power. Since distribution of power and decision-making is linked with the political process, the interrelationship between politics and unionism is part of this process which is perpetual. Both political parties and unions have a vested interest in each other as the effect of their actions and strength is of interest to each other. Unions have a vital stake in the political process and the decisions that will change or restructure the balance of power within their society.

The growth of the four major national federations can be traced directly to the growth of the major political parties which have different ideologies and approaches to the distribution of power and the role of labour in society. The ideological links betweeen these federations and the political parties are, therefore, responsible for cleavages in the union movement.

Another phenomenon has been the role of the 'outside leaders' in the union. This is partly due to the low level of education of the workers, their lack of opportunities to gain experience and therefore their dependence on a small elite of educated and influential people. All these factors have led to the domination of the trade union positions by 'outside' leaders. The technical demands in terms of understanding the voluminous and all-embracing legislation are formidable and a legalistic approach seems to be all-pervading. Therefore familiarity with the various pieces of legislation does play a part in getting things done. The social distance between the manager and the worker has also played its part. In a tradition-bound society which gives due deference to authority, the distance between the manager and the worker has been substantial. The gap has therefore been filled by politicians turned union executives.

Detrimental Effect of Multiple Unionism

The large number of national federations at the macrolevel means that the 'unit' level concept has been considerably de-emphasised. It leads to the diffusion of union power at the top and therefore damages the political leverage of labour. It also leads to inefficient efforts to change or introduce new legislation in order to improve the lot of workers, which could have been possible if there was one cohesive body at the macro level.

Similarly at the micro or plant level the unions have an 'extra-plant' orientation of the unions which is inherent in their political groupings. This restricts their ability to judge a plant issue on its own merits without adding an 'extra' (political) dimension to it. The different unions are unable to come together to submit a common charter of demands as their differing ideologies make it impossible to take a united stand, with each individual union seeking to gain more leverage for itself from the particular situation. Managements also find it difficult to respond to these union demands as they are not plant-oriented and thus outside the management's control.

Multiple unionism also leads to multiple enrolment in unions and non-subscribing members, causing delay or failure to get recognition. This restrains a union's bargaining power during a period of prolonged strife while the unions are squabbling among themselves for dominance, the workers are deprived of their wages and the plant suffers a loss of production. One can say that the effect of multiple unions has by and large been detrimental to the objectives of the trade union movement. Again, at the plant level, multiple unionism qualitatively weakens the movement resulting in the formation of small-sized unions without effective organization, a precarious financial position and an inability to achieve significant benefits or rights to the members through their own efforts. Collective bargaining is not possible and there is greater dependence on government machinery in labour-management relations. This constant power struggle and jostling for the position of being the major trade union results not only in propaganda amongst fellow workers to gain support for a particular union but at times in violence and disharmony.

The primary role of a union is to protect the workers and to channelise their efforts into more rational directions so that the viability of the plant is also enhanced. The effect of having multiple trade unions both at the macro-and-micro-levels serves only to weaken the workers' power base while at the same time negatively affecting the viability of the plant. A variety of remedies have been suggested, which will be discussed later.

However, it must be noted that in spite of the foregoing there are many organizations where multiple unions exist and the management does effectively negotiate, and conclude agreements. In many plants, workers are unionised—on a craft basis—their special skills or training bonding them together. Multi-unionism is more a problem where general unions exist, for whom all categories can be organized in one general union.

Union Leadership

One of the most crucial factors in this sphere is the leadership that is provided. The leadership provides the direction and goals for a particular union. The leader's task is to make the union effective, by improving the terms and conditions of employment of the worker and also by being concerned with the viability of the enterprise. The trade union organization based as it is, in many cases on individuals or the national federations and their ideologies, has not been able to evolve a professional cadre of leadership at the grass roots to the desired extent. In fact, quite often, a single union executive leader is responsible for running a large number of unions. "A survey of trade union leadership in Bombay in 1960 showed that one leader was president of 17 unions and secretary of two more. Another was an office bearer of 20 unions[19]. R. J. Mehta is President of the Free Trade Unions which control more than 14 unions.[20] This brings us to a consideration of the next issue, i.e. outside leadership vs. internal leadership. In fact, the Trade Union Act of 1926 makes a provision for this and allows for 10% of the leadership to be from outside the sphere of the organization.[21] An outside leader is one who is not a full time employee of the organization, whereas the internal leader is such a person. Many lawyers and politicians have been union leaders in the early part of their careers. The former President V. V. Giri was one such example, so were former Central ministers like G. L. Nanda and Khadilkar. There are advantages and disadvantages in both the systems. The 'outsider' leader has a knowledge of industrial practices in comparable organizations and therefore has more experience when he comes to the negotiating table to bargain. If he is a politician or a person with strong political links then he may be able to get some advantages either in terms of policy or in terms of implementation of administrative action, especially if he belongs to or has linkages with the ruling party. On the other hand his involvement with the plant level problems is much less as he is not on the shop floor to understand the intricate issues applicable to a particular plant. Not being an employee of the enterprise or an insider, he lacks the required depth of understanding of local issues and specifics. The outsider is a professional who has many units under his wing all of which demand his time, including the larger function of liaison. The insider would not only have greater knowledge of the enterprise specifics but also have more time for sustained work, being concerned as he is with just one enterprise. Also, external issues and ideologies are not unnecessarily inducted, which could happen when outside leaders are in control for whom ideology may be more important than getting the best deal under the circumstances.

[19] R. D. Aggarwal (Ed.), *Dynamics of Labour Relations in India: A Book of Readings*, Tata McGraw-Hill, Bombay-Delhi, 1972, pp. 58–82.

[20] *India Today*, op. cit.

[21] B. R. Sheth, Indian Labour Laws: A Supervisor Should Know, New Delhi, All-India Management Association, 1978.

The leadership role in a trade union has a variety of demands placed on it. Not only does it require a certain amount of technical knowledge of the nature of business of the particular organization, but also a sympathetic understanding of the workers, their attitudes and their problems. A certain amount of commitment and empathy for a cause, even in uncertain conditions, is necessary. Till now the attraction for persons entering this occupation has been the possibility of a political career in the future. However, there have been some plant unions which have been run very professionally and have at the same time been concerned with the viability of the firm or the enterprise as well as the good of the workers. The erstwhile Simpson Workers Union under the stewardship of Gurumurthy was an example, and TLA is an example of an industry level federation.

Trade Union Finances

If an organization is to grow, survive and meet the needs of its rank and file members in terms of attaining their objectives etc. it needs money. For a variety of reasons, the finances of many trade unions have not been very bountiful. It must be noted that to every general statement, there are a number of exceptions and so is the case with some financially strong unions. Funds are needed for attracting and retaining competent staff for, however idealistic the cause, people do need to survive. It is only with competent staff that some of the objectives like research, comparative data generation, company studies, presenting demands and resolving workers problems can be achieved. Again, funds are necessary for political lobbying; for sending union representatives to the local bodies, state and central legislatures. If inertia sets in, an organization will wither away or the rank and file will shift to a more active and useful organization. Funds therefore are needed to pursue activities, which will in turn benefit the members who will then contribute, not only financially but also in terms of their services and sustain their membership. Activities resulting in something worthwhile will arouse the enthusiasm of the members and make them concerned for the allocation and proper utilisation of scarce resources. The divisive nature of Indian trade unionism has also led to the dissipation of funds amongst a large number of organizations, with the result that there are many small unions without much financial backing and without much staff to do any substantial work. The generation of funds has been wholly inadequate. In some cases, subscriptions are not collected promptly or are paid by members only when they have a problem. In the former case, it is overlooked by the trade union management for fear of losing membership. On the other hand, there are according to some trade union executives, shrewd members who do not mind paying subscription to more than one union in order to protect their interest in times of need.

One other mechanism employed nowadays besides the usual collection is the special levy at the time of distribution of bonus. Some national federations and independent unions often generate some reserves to pay at the time of strike as strike fund or to employ research staff to keep abreast with current trends, but this is not the case with all unions. Table 3.6 gives the financial position of trade unions.

TABLE 3.6 Income and Expenditure of Workers Unions

Year	No. of unions submitting returns	Income (in lakhs)	Expenditure (in lakhs)	Average income per annum per trade union in rupees
1951–52	2509	50.84	45.32	2026.32
1956–57	4390	80.17	71.81	1826.19
1961–62	6954	171.13	151.34	2460.89
1969	8254	340.71	299.98	4127.82
1970	7692	395.83	331.00	5145.99
1971	8909	426.91	408.55	4791.89
1972	8011	461.97	402.87	5766.69
1973	7472	491.37	416.67	6576.15
1974	5662	499.35	449.34	8819.32
1975†(P)	9690	715.08	628.55	N.A.
1976†(P)	8719	646.90	579.13	N.A.
1976‡(P)	8177	711.75	611.54	N.A.

†Excludes J&K and West Bengal.

†Excludes J&K, Kerala, Nagaland, Rajasthan and West Bengal.

‡Incomplete. Assam, Bihar, H.P., J&K, Kerala, M.P., Rajasthan, and West Bengal are excluded.

(P) Provisional.

Source: *Indian Labour Year Book*, Labour Bureau, Ministry of Labour, Government of India, Simla, 1979, p. 58, Table 4.04.

Many researchers have written about the woeful lack of funds among trade unions resulting in poor organization, and hence the inability to cope with problems. Also, it is felt that there are not enough field workers or union officials to cope with the problems of workers and to protect their interests, especially at the time of wage negotiations.

There are, however, some notable exceptions especially in terms of finances. The Simpson Workers Union under the stewardship of Gurumurthy was an organization which built up substantial financial reserves besides venturing into a variety of pioneering worker welfare activities when Gurumurthy and his colleagues resigned from the stewardship of the Simpson Workers Union after 22 years he distributed a sum of Rs. 16 lakhs among the 15,000 members of the union as 'Union Gratuity'[22].

Two factors with regard to union finances are especially worth noting. First, craft unions, which are usually smaller in number and composed of skilled workers, whose average earnings are high, are usually better funded because of higher contributions. Therefore, they are able to provide better service to their members. On the other hand, the bigger unions with less contribution from their members (but the quantum of money is made up by the larger numbers) are able to organize more services, in terms of departments etc. in their organizations. Often, the large size itself provides the necessary momentum. The range of services and organizations provides an attractive impetus for the merger of smaller unions with the larger ones.

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[22] S. K. Mohan Dass, "Death of a great union", *Financial Express*, May 14, 1971.

Ancillary Functions of Trade Unions

Besides their main function, which basically consists of organizing workers and improving their terms and conditions of employment, many trade unions provide a variety of services to their members and sometimes to the community of which they are a part. These ancillary functions can be categorised into four groups: (i) communication; (ii) welfare activities; (iii) educational activities; and (iv) research.

Communication

Many large unions publish a newsletter or a magazine. Their main aim is to clarify the union's policy or stand on certain principal issues and also to pass on information about the union and its activities. Much could be done to improve the contents and quality of such publications. There is a need to professionalise such publications by hiring specialised persons to handle the activity. If necessary, these publications could also be sold to generate additional revenue to augment union finances. However, the main function remains that of communication so that the rank and file are aware of the activities of the union.

Welfare Activities

Many unions provide a number of welfare activities to improve the quality of the workers' lives. Included in this sphere are the provision of housing, cooperative societies and in the case of TLA (Ahmedabad) it has ventured into the area of organizing working or self-employed women and has even started a banking activity for this purpose. This separate organization is called the Self Employed Women's Association (SEWA). Some unions also offer training in craft activity, especially for women, who can then supplement their husbands' income with a cottage industry type of activity, such as sewing.

Education

Education helps create awareness on the part of the workers in the environment around them. Many workers cannot afford formal education or given

India, the Employees State Insurance Corporation, the Employees Provident Fund, Central Board of Trustees and several others. Another important function of Central employers' organizations is to formulate general employer policy and inform the government and the public.

The All India Organization of Industrial Employers (AIOIE) and the Employers Federation of India (EFI) came into existence in 1933 to tackle the labour problems in a collective manner. These were followed by the All India Manufacturers Organization (AIMO) in 1941. All the three organizations have a different sponsorship. The All India Manufacturers Organization mainly consists of indigenous entrepreneurs and has links with the Federation of Indian Chambers of Commerce and Industry (FICCI). Before Independence British industrial interests figured prominently in EFI, and AIMO was sponsored by small-sized organizations, in particular by Dr. M. Vismehaya

The employers' organizations also perform several secondary functions. They inform their members of the new proposals for legislation intended by the Government, the decisions of tripartite meetings and other related matters. They collect data on wages and conditions of work in industries affiliated to them. Also through their publications they reproduce press reports on labour matters for the information of their members.

Apart from these direct services that they render, employers' organizations play an important role in the various committees set up by the government. They influence the formulation of industrial relations policies of the government; for example, the employers' organizations opposed the proposal of the government to increase the contribution to the Employees Provident Fund and the Employees State Insurance Scheme in 1956. In the Employees Provident Fund Scheme there was a proposal to increase the contribution from 6¼ to 8⅓% of an individual's wage. In the case of the Employees State Insurance Scheme the proposed increase was from 1¼ to 3½% of the wages. As a result, it was only after 1962 that contributions to the Employees Provident Fund Scheme were raised to 8% in some industries (like cigarettes, electricals, iron, steel, paper, cement and textiles). In the second case—the Employees State Insurance Scheme—after much deliberation there was an increase of ½% which was given effect from 1968.

The activities of the central employees' organizations are mainly related to defending the interests of the employers. Given representation in various tripartite committees, they are consulted by the Central Government in the formulation of labour policies. According to Alexander, "the two employers' organizations, namely, the EFI and the AIOE, are organized pressure groups rather than service bodies."[2]

They are also consulted at the drafting stage of industrial legislation. Their activities are not service-oriented.

The central employers' organizations do not maintain active contacts with their trade union counterparts they also do not handle members' problems arising at the State level. Since both the organizations have a role to play in economic and social planning of the country it is felt that they have to work together to promote their respective interests and that they should consider the interest of the community at large.[3]

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[2] K. C. Alexander, "Central Organisation of Employers: Attitudes and Activities", *Economic and Political Weekly*, 8(47), Nov. 1973, 1976, pp. M123–M135.

Employers' organizations are organized at three levels: (i) employers operating through their local organization; (ii) regional industrial associations which cut across state boundaries; and (iii) federations which have an all-India basis, comprising representatives both of industries and centres.

(1) *Local Organizations:* They serve the needs of the local businessmen, for example, the Mill Owners' Association is essentially a local organization formed by the manufacturing interests in a city. These organizations operate mainly through the local chambers of commerce.

(2) *Regional Organizations:* Besides these there are also some regional employers' associations. These are Employers' Federation of Southern India, the West Coast Employers' Federation, the Employers' Association, Calcutta, to name a few. The regional associations of employers have organized activities in their areas, such as supervisory training, safety and welfare and in labour-management relations. They also offer consultancy services to their members. The regional employers' associations are affiliated to the central employers' organization.

(3) As stated earlier, there are apex organizations like the All India Organization of Employers' (AIOE) and the Employers' Federation of India (EFI).

Legal Forms of Organization

The various employers' organizations at the several levels that are being discussed in this chapter can be registered in several categories appropriate to the activities of non-profit organizations. They are--as a company, as a society or as a trade union.

Under the Companies Act, 1956, Section 25, enables such non-profit organizations to register. "For instance these include Federation of the Indian Chambers of Commerce and Industry, the Associated Chambers of Commerce and Industry, the Indian Merchants' Chamber, the Bengal Chamber of Commerce and Industry, the Bombay Chamber of Commerce and Industry, the Vanaspati Manufacturers' Association of India and the All India Radio Merchants' Association."[4]

The Societies Registration Act, 1860, also enables a chamber to register and carry on its activities. Under this Act the following employers' organizations have been registered:

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[3] M. R. Dhekney, *Chambers of Commerce and Business Associations in India*, Bombay, Popular Prakashan, 1971.

[4] Dhekney, op. cit.

All India Exporters Chamber, the Federation of All India Foodgrain Dealers' Association, the All India Radio Merchants' Association, the Southern India Mill-owners' Association, the Indian Tea Planters' Association, the United Planters' Association of Southern India and the Indian Paint Association.[5]

The Trade Unions Act of 1926 is the third alternative that is available to an employer organization. The Trade Union Act enables any seven or more members to join together and register for the purpose of forming a trade union. "The employers' organizations are also considered a trade union by the Act. The Employers' Federation of India which was originally incorporated in 1933, as a company limited by guarantee was subsequently registered as a trade union in July 1963 under the Trade Unions Act. The West Coast Employers' Federation is also registered under this Act. Two industrial associations, viz. the Indian Jute Mills Association and the Woollen Mills' Federation are also registered under this Act."[6]

The federations have committees (to deal with specific problems) which work in collaboration with their regional committees which in turn act as a vital link between the federations and the chambers and also its affiliated industrial associations. In 1956, AIOE and EFI jointly constituted the Council of Indian Employers (CIE). With the emergence of the public sector concerns as a major group of employers a separate association called the Standing Conference of Public Enterprises (SCOPE) was formed and this has also become a member of the CIE.[7] CIE is a member of the International Organization of Employers at Brussels. The Government of India has recognised the two central organizations, viz. EFI and AIOE, as representatives of employers in India. The employers' representatives have taken part in international/national labour conferences and have been members of bodies like the Minimum Wages Committee, Central Advisory Board, ESI Corporation and others appointed by the Central and State Governments.

Since many employers' organizations in India cluster around FICCI, AIOE, ACCI and EFI, a description of their objectives and functions might be in order.

Federation of Indian Chambers of Commerce and Industry (FICCI)

Objectives

This is one of the apex organizations to which a large number of chambers of commerce and industrial associations are affiliated. It was established in 1927 as the national forum through which the affiliated units could collectively present their views on current economic problems. It also acts as a coordinating agency for the commercial and industrial interests as represented by various chambers of commerce and industrial associations.[8]

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[5] Ibid.

[6] Dhekney, op. cit.

[7] R. Bannerjee, "Industrial Relations in India", *Industrial Relations*, 32(5), Sept.–Oct. 1978, pp. 171–186.

Membership

It started with a membership of 24 chambers of commerce and industrial associations in 1927. The Federation had on 31st Dec., 1979, 435 ordinary members, 723 associate members, 4 overseas members, and 6 honorary members. The ordinary members consist of chambers of commerce, trade associations and industrial associations. The associate members consist of manufacturing companies, banking concerns, and insurance and shipping companies. The overseas members consist of Indian chambers of commerce operating in foreign countries.

The ordinary members pay an annual subscription of Rs. 1,000 and an admission fee of Rs. 500. The subscription of the associate members is determined on the basis of their turnover ranging from Rs. 1500–Rs. 10,000. Chambers of commerce in the mofussil areas and educational institutions can become members by paying Rs. 50 per annum.

Organization

The highest authority in the Federation is vested in the General Meeting consisting of all the affiliated members. The General Meeting elects an executive committee of 13 members from the several regions. The executive committee is headed by a president. The tenure of this committee is one year. The president in consultation with this committee may appoint a Standing Advisory Committee, the strength of which is 15. Meetings of this committee are normally held once in a month.

The Secretary-General is the chief administrative head of the Central Secretariat of the Federation. He works under the supervision and direction of the president of the Federation and is responsible for the affairs of the Federation.

The Federation has a number of sub-committees on such subjects as economic affairs, industrial development, transport, direct taxation, company law, etc.

Activities of the Federation

The three types of activities are: representative, legislative and promotional. The Federation has close relations with the central government. Its representatives on committees appointed by the government explain their views on economic and legislative issues. The Federation is also represented in over 65 advisory committees appointed by the government.[9] The Federation undertakes training programmes for the secretaries of the affiliated organizations. It also organizes seminars, conferences, and exhibitions to bring out the progress achieved by India in the industrial field. The Federation

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[8] Dhekney, op. cit.

[9] Dhekney, op. cit.

publishes two magazines to communicate with its members on issues like taxation cases, company cases, labour awards, etc.

Finance

The main source of income of the Federation is the subscription fee paid by the members. For the year 1979, the income was Rs. 63,02,316 out of which Rs. 38,27,150 came from the subscription fees. The expenditure for the same year was 63,02,316. The main item of expenditure was establishment (Rs. 27,09,834).[10]

All India Organization of Employers (AIOE)

Objectives

The All-India Organization of Employers was founded in 1953 and its objectives are to promote and protect the industrial development of India; to represent the employers of India at the International Labour Conferences affecting the interests of trade, commerce, and industry, and to take organized action on subjects involving the interests of its members.

Membership

It has two types of members: individual and associations. Intially membership was restricted to industrial employers but was later thrown open to banking, insurance companies, commercial establishments and others.

It had 126 individual members and 45 association members as on 31st December 1979[11].

Organization

The All-India Organization of Employers' Union has a three-tiered organization—the General Body, the Executive Committee and the Secretariat. The general body meetings are conducted once a year to receive the annual report, to have discussions on the organization's activities, to elect office bearers.

The committee consists of a president, a vice-president, a treasurer, a nominee of each association, and six members elected by the delegates representing the individual members from among themselves. The committee can coopt six members from industries which are not represented. The president is elected by the annual general meetings, the vice-president and the treasurer are elected by the committee. The tenure of the office bearers is 2 years but the ordinary members of the committee retire every year and the vacancies are filled by fresh elections.

The committee is the Executive Body which takes decisions and undertakes relevant activities.

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[10] Federation of Indian Chambers of Commerce and Industry, *Annual Report*, 1979.

[11] All India Organization of Employers, *Annual Report*, 1979.

The Secretariat of FICCI is shared by AIOE. In fact, AIOE acts as a labour department to the FICCI in the sense AIOE gives advice and guidance on labour matters to FICCI. In addition it looks after routine matters such as providing information to the members.

The committee may appoint ad hoc subcommittees to evolve policies on important issues. It meets five or six times a year.

In 1956 AIOE joined with EFI to form the Council of Indian Employers (CIE) which has taken over the functions of choosing delegates to represent Indian employers to International seminars and committees.

Finance

The primary source of income is the annual subscription from individual and association members. The second source is the interest that accrues on its investments. The main item of expenditure is the contribution made to FICCI for its secretariat facilities, the subscription to the International Organization of Employers (IOE) and for publishing a weekly called *Labour News*.

The Employers' Federation of India (EFI)

Objectives

The EFI is another employers' organization, formed in 1933, with the aim of safeguarding the interests of their members (employers) who are engaged in trade, commercial and industrial activities in India.

Membership

The EFI has three types of members, namely, association members, ordinary members, and honorary members. In the first category are associations of employers having not less than 1000 employees, the second constitutes firms undertaking business in India employing not less than 500 members and the last type of members are individuals invited to join the federation having some special skill or experience such as leading lawyers etc. The EFI had 26 association members, 180 ordinary members in December 1979 and is the largest and most representative organization of employers in India.[12]

Organization

Though formed in 1956, EFI was registered as a trade union only in 1963 under the Indian Trade Unions Act of 1926.

The EFI's activities are carried on by four regional committees and a central body which is composed of an executive committee and secretariat headed by a president and a general body.

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[12] The Employers' Federation of India, *47th Annual Report* 1979, Bombay, 1980, pp. 72–76.

The executive committee consists of the president, four or more vice-presidents, the director general of the Federation, two representatives from each of the four regions and not more than 6 co-opted from among the honorary members. The president and the director general are the ex-officio members of the committee. The vice-presidents and other members are appointed by the annual general meeting after nominations by regional committees. This committee meets four or five times a year.

It is the president, executive committee and the general body which are the main decision-making bodies of the Federation.

In 1959, a technical sub-committee was set up consisting of industrial relations officers who meet to consider matters put up by the secretariat. This committee's role is to act as a technical adviser to the executive committee.

It was only in 1958 that a full time secretariat was established under a secretary-general.

There are four regional committees, with a tenure of one year each. Their functions are providing a forum for discussing national issues, for raising and discussing local matters.

The main source of income of EFI is its membership subscriptions.

Activities

The main activity of EFI is to inform its members of new proposals for legislation or other developments affecting them.

This federation does not have educational or training programmes on a regular basis, but in collaboration with AIOE, occasionally holds joint seminars on current industrial relations problems, where the members' views are exchanged. The Federation publishes a fortnightly *Industrial Bulletin* and an annual report. It has also brought out monographs on several IR issues like automation, collective bargaining and job security.

It is a member of various committees set up by the government like wage boards, joint consultative bodies and thus involves itself with the formulation of the IR policies of the government.

The Associated Chamber of Commerce and Industry of India (ASSOCHAM)

Objectives

Some of the older chambers of commerce are affiliated to this organization. These older chambers of commerce represented mainly British businessmen in India. The Associated Chambers of Commerce of India and Ceylon was registered in Dec. 1920 under the Indian Companies Act, 1913, as a central organization to serve the Bengal, Madras and Bombay Chambers of Commerce. The name was changed to Associated Chambers of Commerce of India in 1932. In 1964, its name was again altered to the Associated Chambers of Commerce and Industry of India. Its membership is made up exclusively of local Chambers of Commerce.

Organization

By convention, the president of the Bengal Chamber of Commerce and Industry becomes the president of the organization. It has two deputy presidents, nominated by rotation by the Bombay, Madras, Punjab, Haryana, Delhi and Upper India Chambers of Commerce. The secretarial work is carried out by the staff of the Bengal Chamber. Assocham has no formal committees but regular meetings are held in various centres.

Activities

Assocham maintains an Economic Division in Bombay to undertake special studies to assist in its policy formulation.

It undertakes representative and service functions. It also gives an advisory service on labour matters. It was given representation on many consultative bodies set up by the government.

Conclusion

The need for employers' organizations as stated by Mr. Naval Tata is for "(i) the development of healthy and stable industrial relations; (ii) to promote collective bargaining at different levels; (iii) to bring a unified employers' viewpoint on the issues of industrial relations to the government in a concerted manner, and (iv) to represent in the meetings of ILC and SLC boards in conformity with tripartite approach to labour matters".[13]

Employers' organizations came into being as a result of the formation of the ILO and the growing strength of trade unions. The establishment of the Associated Chambers of Commerce of India and Ceylon (later called Assocham) in 1920 which coincided with the founding of the ILO in 1919. When the Royal Commission on Labour in India which was appointed in 1929, gave its recommendations it made the "Indian employers conscious of the need of a permanent employers' organization to deal with labour problems from the employers' point of view."[14]

Employers' organizations are formed by businessmen to promote their own economic interests. They are also called non-profit organizations because no part of their income can be distributed to its members. Apart from pursuing their economic interests, NLC feels that the employers' organizations have certain social responsibilities: (i) that their stand should be consistent with the social objective of the community/country; (ii) that they should along with their gains, keep in view the needs of the developing economy, the requirements of planned growth and importance of maintenance of peace in industry, of promoting national integration, of eliciting cooperation from unions to improve productivity and of maintaining high standards of quality and prices in the international market.[15]

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[13] N. H. Tata, "Why employers' organizations?", *In Pursuit of Industrial Harmony—An Employer's Perspective*, Bombay, National Institute of Labour Management, 1975, p. 122.

[14] S. N. Dhyani, *ILO and India: In Pursuit of Social Justice*, New Delhi, National Publishing House, 1971.

The several employers' organizations are disparate groups, passing resolutions and airing grievances. Yet the need of the hour is for them to coalesce, identify issues that face them, discuss and analyse, and present a united case to the government and to their members. The state of Indian industry with its sickness and poor competitiveness in many sections should set these organizations to do some hard thinking and utilising their organizational capabilities to meet the emerging challenges.

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[15] *Report of NCL*, 1969, op. cit.

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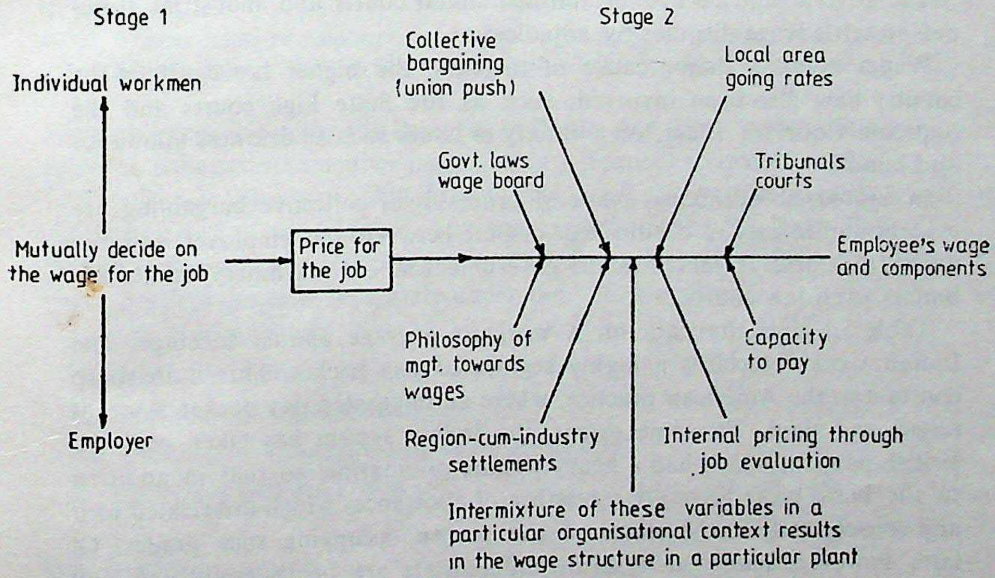
Wages and Industrial Relations

The determination of an employee's wage in the organized sector is governed by a variety of factors, some controlled by the employer and some by the constraints imposed upon him from outside (Fig. 5.1).

Table 1

Wage influencing variables

Organised sector of indian industry (including plantation and mines)


Stage 1
Stage 2
Individual workmen
Mutually decide on the wage for the job
Employer
Price for the job
Collective bargaining (union push)
Govt. laws wage board
Philosophy of mgt. towards wages
Region-cum-industry settlements
Local area going rates
Tribunals courts
Capacity to pay
Internal pricing through job evaluation
Employee's wage and components
Intermixture of these variables in a particular organisational context results in the wage structure in a particular plant

Stage 1: Self contained model where external influence is marginal

Stage 2: Depicting the interplay of external and internal influence.

Fig. 5.1

The wage structure of an industrial enterprise is built on the premise that each job has its own price. This depends on the skill and training required and the commensurate responsibility which is either determined by the scientific job evaluation method or by the 'going rate' in the area. However, besides this going rate, which is a base index for the employer and the employee, there are many region-cum-industry settlements such as the agreement between representatives of the management and the union of an industry (e.g. engineering or chemicals) in a particular geographic region. This settlement forms the basis for the employer-employee relationship, especially with regard to wages. The wages that an employer is willing to pay depends on his philosophy, his capacity to pay, his competitive position and his ability to attract and retain a work force by factors other than that of wages alone (such as the company's reputation, its training programmes and career opportunities). Some organizations prefer to become market leaders and pay the best wages in the area, while others prefer to pay the lowest possible wage.

The government has always played a significant role in the determination of wages in the organized sector. There are a number of laws to ensure payment on time of a certain minimum wage. In addition, given the unequal equation between the employer and the employees (and their unions if any), the government has appointed wage boards to determine the wages in particular industries. The units in these industries need assistance in arriving at a wage settlement—and given the vast work force, the number of units and their dispersal throughout the country, the government decided to intervene and set up tripartite wage boards.

The government has also established labour courts and industrial tribunals to settle wage disputes by adjudication.

Wages being a major cause of disputes, the higher law courts of the country have also been involved, such as the State high courts and the Supreme Court of India, on a variety of issues such as dearness allowance and bonus.

In unionised situations, bilateral processes of collective bargaining are evident and in case of deadlock or dispute between the employer and the union, recourse is taken to the government labour machinery, labour tribunals, even law courts.

Table 5.1 gives the data on a worker's average annual earnings. The Indian worker receives a highly segmented pay packet. This is in sharp contrast to the American practice, where an integrated pay packet is negotiated and paid. To some extent, the Indian system has taken over the British pattern, which had a heavy welfare orientation, so that in addition to the basic wage there are a number of allowances which are related to it and consequently to the status of the person occupying such grades. Of late, however, many such status differentials are being eradicated and greater parity is sought to be established if not in the quantum at least as far as the type and form are concerned. The Indian government's welfare orientation, ever since Independence, has been translated into a number of

TABLE 5.1 Per Capita Annual Earnings of Factory Workers

(Rupees)

	1980*	1979*	1978	1977
Cotton textiles	6,109	6,015	5,953	5,728
Wool, silk & synthetic textiles	5,706	5,701	5,342	5,150
Jute textiles, etc.	7,085	5,915	6,028	5,367
Textile products	5,455	4,806	4,680	4,510
Wood & products	3,197	3,132	3,249	2,497
Paper & products & printing, publishing etc.	5,525	5,123	6,066	5,537
Leather & products	6,450	6,170	4,296	5,310
Rubber, plastics, petroleum & coal products	5,914	5,869	5,943	5,162
Chemicals & products	6,779	6,433	6,483	5,731
Non-metallic mineral products	7,775	4,185	4,070	3,748
Basic metals & alloys	6,037	6,302	7,099	6,574
Metal products	4,313	4,391	5,258	5,419
Electrical machinery, etc.	7,320	7,171	7,217	7,019
Other machinery	7,136	6,478	6,502	6,256
Transport equipment	7,746	7,552	6,900	6,697
Electricity	6,433	6,291	6,040	6,579
All industries (incl. others)	6,388	5,971	6,067	5,667

*Provisional.

Note: Figures relate to employees receiving wage/salary of less than Rs. 1,000 per month. Earnings include basic wages, cash allowances, annual bonus etc.

legislative acts, including the Payment of Bonus Act, 1965, which, however, seems to have satisfied neither party and is a frequent source of conflict.

We will now examine in detail the interplay of the various agencies in the determination of a worker's pay packet at the enterprise level. To facilitate understanding of this complex system, it would be useful to consider the several components separately under the following heads:

1. Wage components,
2. Methods of wage payment,
3a. Methods of wage fixation,
3b. Other factors contributing to wage fixation,
4. Problems and wage issues.

Wage Components

The major components of an employee's wage are:

—basic wage
—dearness allowance (DA)

—allowance, including overtime (OT)
—bonus
—fringe benefits

We shall examine each of these individually.

Basic Wage

Basic wage is a stable wage paid over a period of time which could be on a monthly, weekly or daily basis. This wage is the normal rate for a given level of output. In other words, given a certain job, with all its attendant requirements of skill, training, etc. it is the price to be paid to get it done. The basic wage therefore does not fluctuate like dearness allowance or bonus but progresses more evenly over time in cases where there is a running grade, or else it remains stationary.

Various factors contribute towards the fixing of the basic wage. It is built upon the statutory minimum wage, the awards of industrial tribunals as well as the directives of the pay commissions at the national and state level and by collective bargaining.

A corollary to the fundamental dictum that an industry does not have the right to exist, unless the basic or minimum 'needs of the worker' are met is, therefore, the minimum wage legislation that sets the floor for wages.[1]

Many researchers have drawn attention to the percentages of each of the components of an employee's wage packet, and it has been found that the basic wage component as a percentage is on the decline, while the DA component has increased its share (Table 5.2).

TABLE 5.2 Percentage Distribution of Labour Cost

Year	Salaries/ wages	Bonus	Benefits in kind	Old age benefits	Social security
1970–71	83.5	5.2	3.4	6.0	2.0
1971–72	82.4	6.1	3.5	6.1	1.9
1972–73	81.0	6.7	3.7	6.7	1.9
1973–74	—	—	—	—	—
1974–75	80.8	6.7	2.8	6.8	1.5
1975–76	—	—	—	—	—
1976–77	82.5	3.9	2.2	7.1	2.3
1977–78	80.2	6.1	1.9	7.0	2.3

Source: *Indian Labour Year Book*, 1973, 1974, 1975 & 1976, 1978, 1979, Labour Bureau, Ministry of Labour, Government of India.

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[1] Government of India, *Report of the Committee on the Functioning of the System of Wage Boards*, National Commission on Labour, 1969.

Dearness Allowance

The system of payment of DA arose after the First World War as a result of the steep rise in prices of essential commodities like foodstuffs. In order to neutralise the high cost of living, a special allowance was given, called variously, and including the term, 'dear food allowance'. The DA was to protect the wage earners' real wage by neutralising the increased cost of living. Therefore, the intent of DA was to give relief to the worker in inflationary conditions, by trying to offset the cost of living with an additional allowance. Various methods are used for linking DA with the cost of living index (e.g. the consumer price index (CPI)). A significant feature in this respect is the wide variation that exists in the fixation of DA. The variations stretch across industries, regions, sectors, and government and private establishments. Therefore, the matter has frequently been referred to tribunals and courts for adjudication.[2] Another critical variable is the strength of the trade unions and their ability to secure greater gains for their members. Again, there is a difference between workers in the organized and unorganized sectors. The latter category receive, in many cases, a consolidated wage.[3]

Primarily, there are two systems of neutralisation: the flat rate system of neutralisation and the escalating system linked to movement of consumer price index (CPI) numbers.

The flat rate system provides a lump sum payment to workers over a period of time to adjust for the growth in inflation. This system is simple, easy to calculate and helps the management with its cash flow planning. The rate of DA is related to the salary slabs, which is linked to a certain consumer price index.

Another variation is to fix DA as a percentage of a basic salary slab (for instance, up to Rs. 100 per month the DA percentage would be in the range of 100 to 125%).

However, with the rate of inflation increasing significantly, the workers wanted a more immediate relief. Therefore, the system of a fluctuating DA came into being. In such a system, an index such as the consumer price index (CPI), which is related to the cost of basic necessities of living, forms the basis of fixing the DA. The points of neutralisation are determined according to the fluctuations in the CPI.

The main advantage of the escalating DA concept is that it serves the basic purpose of neutralising the increased cost of living. There are a number of practices followed by firms in the matter. The correlation between the increase in the number of points of the index to the quantum of money is a variable that has to be settled. Generally, the trend has been to equate it to slabs of pay so that the lower slabs get a higher weightage and the higher slabs get a lower weightage.

[2] R. Nath, *Occupational Pattern and Wage Structure in Indian Industries*, New Delhi, Sterling Publishers, 1970.

[3] Ibid.

In the government system, for salaries above a certain level, i.e. Rs. 3,000, the quantum of DA is fixed.

In the latter half of the 1970s, in order to contain inflation, the government impounded the additional DA that was due in a fund and paid the amount in instalments with interest. The Third Pay Commission recommended an index range up to 272. It did not oppose automatic increases in normal situations but gave the government discretion in special situations.[4] As the index mark was soon reached, the additional DA was impounded. The Janata Government in 1977, however, reversed the decision. The rationale behind the earlier scheme was to contain the wage-price spiral by cutting down the quantum of money in circulation, which was believed to fuel the inflationary condition that was prevailing.

Dearness allowance is also related to the ability to pay on the part of an industry. This principle has been frequently challenged and enunciated upon. In Bangalore in 1977–78, the five major public sector undertakings threatened to go on strike on the issue of full neutralisation of DA. The government, through the Bureau of Public Enterprises, was not willing to compromise on this issue, considering the spread effect it would have on a large number of other public sector undertakings in the rest of the country. Both the tribunals and the Supreme Court took into account a firm's ability to pay, not only in terms of basic wage, but also in terms of DA and the extent of neutralisation. On the question of neutralisation the unions wanted a 100% neutralisation while the employer would have liked to vary that amount. On this the Supreme Court ruled that "dearness allowance must always be on a sliding scale providing for an increase in the rate when the cost of living rises and a decrease when the cost of living falls".[5]

A final issue with regard to DA is that of merging all of it or a portion of it with the basic wage. Often, it has been observed that the DA component forms a very high percentage of the basic wage. Unions prefer merger for two reasons—it lends greater stability to a worker's pay packet, as the fluctuating component of DA is done away with and a higher basic wage enables a worker to enjoy more liberal perquisites like house rent, leave travel, provident fund, etc. On the other hand, the net effect of such a merger would increase the wage cost of an employer. But, given the fact that the cost of living is not likely to return to the pre-1970 levels and that a large component of the wages at the lower levels is made up of DA, it might be useful to rationalise the wage structure and provide greater security to workers by an amalgamation of a certain proportion of DA in the basic wage. In fact, many industrial firms in the organized private sector have done so.

Over Time (OT)

Depending on the exigencies of the work load, a supervisor may ask a wor-

[4] K. N. Subramanian, *Wages in India*, New Delhi, Tata McGraw-Hill, 1979.

[5] Ibid.

ker to work over time, in order to cope with the extra work or a rush order that has to be fulfilled. The rates are normally 1.5 times the normal wage and on holidays it is twice the normal wage. However, in many situations it has become a vested interest (in order to boost earnings) and normal work is not done until OT is sanctioned or normal work is done only on an OT basis. Because of union power, weak or appeasing supervisors have given in to this strategy. Realising the huge amounts involved, many firms have restricted OT to the bare minimum, which again has to be cleared by the higher levels.

Bonus

The payment of bouns is an annual issue, like a religious festival, and is greatly looked forward to by employees. The actual quantum and payment is often fraught with conflict and unpleasantness. The dictionary meaning of the word bonus is "something given in addition to what is ordinarily received" or "money given in addition to an agreed compensation".

Payment of bonus in India has had a chequered history—from an ex-gratia payment it has become an obligatory payment. In 1917, employers of textile industries in Bombay and Ahmedabad paid 10% of the basic wage as bonus to their workers. This was raised to 15% during 1918. At this stage, bonus was paid by the employers to compensate workers for the rise in the standard/cost of living. The employers continued paying annual bonus in the textile industries until 1923 when they announced that they would not be able to pay bonus because of deteriorating trade conditions. This case was referred to the Bonus Disputes Committee appointed by the Government of Bombay and presided over by Sir Norman Mcleod, which came to the conclusion that the workers' claim for bonus could not be upheld in a court of law because the working of the textile industry in the country did not show profits. This period was followed by the depression (i.e. late 1920s and the early 1930s), when there were no large-scale bonus disputes and bonus continued to be paid in an ad hoc manner in some undertakings. During, and immediately after, the Second World War the bonus disputes increased in number due to large profits made by enterprises and the rise in prices of essential consumer goods. To meet this situation, the Government of India introduced the system of compulsory adjudication of disputes under Rule 81-A of the Defence of India Rules and also appointed a Committee on Profit-Sharing (1948). The adjudicators developed their own principles for granting or denying payment of bonus. The Committee on Profit-Sharing had 14 members, of which 6 did not agree to the main recommendation that bonus be paid by a firm whether it made profits or not. Thus no action was taken by the Central Government in this matter as far as the recommendation of this committee was concerned. Later, under the provisions of the Industrial Disputes (Appelate Tribunal) Act, 1950, the Labour Appelate Tribunal (LAT) was set up and all bonus disputes were referred to it. This tribunal developed the 'full bench formula' as a basis for payment of bonus which was approved by the Supreme Court. The full bench formula is that if, after deducting five items (like national depreciation, income-tax, return on paid-up capital, return on reserves and amount for rehabilitation) from the gross profits, a surplus is available, this should be distributed to the workers as bonus. This formula was followed by adjudicators for all bonus decisions later on.

In 1961, the Government of India appointed the Bonus Commission to examine the problem of bonus in all its aspects in the light of evidence collected from a number of industries. The Commission felt that bonus would mean sharing of the prosperity of a firm by the workers and that it would also help to bridge the gap between the actual wage and the need-based wage. It recommended a minimum bonus equal to 4% of basic pay plus DA and a maximum of 20%. The Commission also recommended a procedure for calculating the 'available surplus' and the workers' share of it which was different from the full bench formula in some particulars. According to the Commission, certain prior charges have to be deducted from the gross profits such as normal depreciation, income tax, super tax, return of paid-up capital, and return on reserves (but no provision was made for rehabilitation) to arrive at the available surplus figure. The term 'rehabilitation' includes the cost of replacement of machinery and its modernisation. It was recommended that 60% of the available surplus should be distributed as 'bonus'. It was the Bonus Commission which recommended that the bonus may be calculated with the basic pay and DA taken together.

After certain modifications in these recommendations the Government of India promulgated an Ordinance in May 1965 for the payment of bonus to employees with a salary or wage upto Rs. 1600/- p.m. The salary or wage, for the purpose of the Act, included basic wage and DA. The bonus sum was to be restricted to a deemed salary of Rs. 750/- p.m.; thus the maximum amount of bonus that is payable to an employee would be Rs. 1800/- only. This ordinance was replaced within a matter of months, in September 1965, by the Payment of Bonus Act, 1965. The objective of this Act was to introduce a new formula for calculating bonus with limits of minimum and maximum and a principle of 'set-on and set-off' to smoothen the inequalities of payment over a number of years, (Exhibit 5.1 shows how bonus is calculated under the provisions of the Payment of Bonus Act, 1965). These principles (set-on and set-off) were introduced so that the deficit of one year could be set off against the surplus of the subsequent years and the surplus over the maximum amount payable, i.e. 20% of the wages, would be carried over to the next year. This process would continue in a 4-year cycle.[6]

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[6] N. N. Chatterjee, *Management of Personnel in India: Emerging Concepts, Practices and Emerging Trends*, Calcutta, Allied Book Agency, 1978.

Bonus Computations

Exhibit 1

Calculation of Gross Profits

Gross Profits—Net profit + bonus to be paid + depreciation + direct taxes + development rebate + bonus paid of the last accounting years + donations + capital expenditures and losses + incomes profits or gains credited directly to revenues.

Add all these items and deduct the following:

Capital receipts and profits + profits and receipts relating to business outside India + income of business outside India + expenditure or losses debited to reserves + refund of any direct tax + subsidy received from the government, if any.

Calculation of Available Surplus (out of which bonus payment is made)

From Gross profits—deduct provision for

(a) depreciation, (b) rebate, (c) income tax payable, (d) return on paid-up capital, (e) return on reserves used on working capital = Available Surplus (AS). 60% of the available surplus is Allocable Surplus which will be distributed as bonus for an Indian concern. In the case of a foreign concern situated in India it is 67% of the available surplus.

In the calculation of available surplus, the first three items ('a' to 'c') to be deducted are common to all the five categories of employers, namely, banking companies, companies other than banking, corporations, cooperative societies, any other companies not falling under the above 4 where as the percentage of paid-up share capital, and reserves (items 'd' and 'e') differ according to the Payment of Bonus Act, 1965.

This Act stipulated that,

> "Where, for any accounting year, the allocable surplus exceeds the amount of maximum bonus (20%) payable, then the excess shall be carried forward for being set on in the succeeding accounting year and so on up to and inclusive of the fourth accounting year to be used for the purpose of bonus payment.
>
> "But when there is no 'available surplus' or the allocable surplus falls short of the minimum bonus payable, then such deficiency or such amount shall be carried forward for being set-off in the succeeding year and so on up to and inclusive of the fourth accounting year" (Payment of Bonus Act, 1965).

With the enactment of the Bonus Act, bonus acquired the character of a 'right' on the part of workers because the Act made the payment of minimum bonus obligatory, whether an establishment made profits or losses (which was originally a voluntary payment). This Act provided a minimum of 4% bonus irrespective of the fact whether the factory made profits or not, up to a maximum of 20%. The Act applies to factories, and to every other public and private sector establishment which employ more than 20 persons.

The Payment of Bonus Act, 1965 was amended more than once, i.e. in 1969, 1972, 1975 and 1977 and once again in 1980. The 1969 amendment provided that the tax relief in respect of the bonus paid or payable in an accounting year was to be included in the available surplus of the succeeding accounting year, which would be shared between the employers and the employees. The 1972 amendment raised the minimum bonus to 8.33% regardless of profits or losses. This amendment was made on the basis of the interim report of the Bonus Review Committee, which was set up in April 1972 by the Government.

As a result of the Ordinance of 1975, important amendments to the Act were made in 1976 which gave a new character to the concept of bonus. According to this amendment, bonus could no longer be considered as a deferred wage but was to be linked to profits or its payment was to be based on 'production' or 'productivity'. It would be an annual payment. Other important features of this amendment were:

1. Minimum bonus was reduced to 4% and there was a condition that if the company did not earn any profit there would be no compulsion to pay the minimum bonus also.
2. Negotiations out of the Bonus Act to get bonus in excess of 20% were sought to be curtailed. For this, Section 34(3) of the Act was repealed (according to which unions could secure agreement for more favourable terms than were admissible under the terms of the Act).
3. Employees in banks, LIC, ports and docks, and noncompetitive public sector undertakings could receive an ex-gratia payment, restricted to a maximum of 10%, in lieu of bonus.

The 1977 amendment of the Act placed emphasis on promoting bonus agreements based on increases in production/productivity and once again declaring bonus as a deferred wage, it fixed the minimum bonus as 8.33% of salary/wages earned during the relevant year retaining the maximum as 20%. The employees in banks, LIC, ports and docks and noncompetitive public establishments would be paid ex-gratia amount according to the provisions of the Act and not be restricted to 10% as stipulated in the 1975 amendment. Provision was made for bargaining on the bonus issue between 8.33% and 20% (i) with the prior approval of the appropriate government, and (ii) when the allocable surplus in a particular year was higher than the minimum limit laid down.

According to the Ordinance of 1979, amending the Payment of Bonus Act once again, banking companies and the Industrial Reconstruction Corporation of India were bound to pay bonus. However, this was repealed later by the Payment of Bonus (Second Amendment) Act, 1980, which sought to make 8.33% bonus a permanent feature.

As against 'profit bonus', 'productivity bonus' is based on the rate of production, quantity of goods produced, etc. However, there are very few instances in India, of productivity-linked bonus arrangements. The 1976 amendment of the Bonus Act brought out the importance of productivity-linked bonus as an alternative to profit-linked bonus. (Exhibit 5.2 gives the the definition of productivity/production and how they are measured.)

Exhibit 2

Productivity is usually defined as the ratio between the output of a given commodity measured by its volume and one or more of the input factors measured by their volume. The Report of the Study Group on Productivity and Incentives[7], on the other hand, defines it as the process of optimising/maximising the economic utilisation of all available resources and investigating and utilising the best known resources, as also creating new resources for different activities, be they industrial, commercial, agricultural services or any economic activity. Thus productivity is the net result of a combination of inputs—men, machines and capital—in the best possible way. Productivity which relates to men or labour is called labour productivity and is usually measured as output per manhour (products in physical units/manhours).

Production, on the other hand, means the number of physical units produced by a firm for a particular year. Rewarding labour commensurate to increase in productivity is a complicated issue and assessing productivity varies from industry to industry, and even within the same industry from department to department. Though measurement of productivity is fraught with many problems, some indices have been developed.[8] Some of these are: For companies with incentive schemes, annual productivity is evaluated in terms of the aggregate performance of each department or unit. Then the allocable surplus is divided between the different units in the ratio of their relative performances. On the other hand, for continuous process industries (having a single product) the productivity is measured in terms of per capita production.

Though the productivity indices are not the same for different types of industries, these are some of the steps to be followed for developing an annual bonus-linked productivity:[9]

1. The first step is the development of a measure of production/productivity.
2. Fixing the production or output base over which bonus is paid.
3. Determining the relation between production/productivity and bonus.

(Exhibit 5.3 shows bonus agreements based on production/productivity with the Bihar Electricity Board and the Indian Railways).

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[7] Government of India, *Study Group on Productivity and Incentives Constituted the National Commission on Labour*, 1969, p. 21.

[8] V. K. S. Menon, "Linking Annual Bonus with Productivity", *Manager*, Jan-March. 1977, 8(1), pp. 13-22.

[9] G. Stephanos, 'Annual bonus', *Indian Manager*, Jan.-Mar., 1977, pp. 87-102.

Exhibit 3

We examine briefly two production/productivity based bonus agreements arrived at by the Bihar Electricity Board (that which falls under the purview of the Payment of Bonus Act) and one by the Indian Railways (a departmental undertaking of the Indian government which does not fall under the purview of the Bonus Act, 1965).[10] In the Railway agreement that was reached for the year 1979–80 between the Railway Board and the Employee Union, productivity is determined on the basis of total Revenue Traffic Tonne Kilometres achieved during the year (consists of two items, namely, Revenue Net Tonne Kilometre of goods traffic and Revenue Net Tonne Kilometre of passenger traffic).

1977–78 was taken as the base year (1977–78 = 100). It was agreed that 25 days wages would be paid as productivity-linked bonus and an additional day's wages would be paid for every additional of 3250 million Revenue Traffic Tonne Kilometres (RTTK) over the RTTK of the base year 1977–78. It was also agreed that there would no bonus if the production index went below 90 (when compared with that of the base year) and for every 2,250 million RTTK less, one day's wages would be deducted.

On the other hand, in the production/productivity agreement reached in 1976 between the Bihar Electricity Board and their union, a minimum of 4½% bonus would become payable when certain minimum productivity ratios were achieved such as generation capacity (60%), revenue targets (95%), physical targets, i.e. development works and projects (80%), construction of transmission lines, grid stations, etc., installation of new connections etc. (80%). The maximum bonus payable under this scheme is 20%.

In 1976, the steel industry developed a productivity bonus formula based on capacity utilisation.[11] Regarding the method of bonus awards linked to production and productivity, the Government of India study groups on wages, incomes and prices expressed the view that though more logical, it was difficult to identify measures of productivity which can be applicable to all industries. It recommended that the replacement of profit bonus with productivity bonus should be undertaken with caution and that the former should not be given up until Indian economy reaches a higher level of productivity.[12] The national seminar linking bonus to productivity in March 1980, on the other hand, came to the conclusion that it is difficult to evolve a common formula for productivity-linked bonus because productivity depends on many factors other than worker's contribution.[13] Though bonus linked to production/productivity is a complicated issue, many industries in the public as well as private sector are trying to work out bonus formula based on production/productivity.

Thus, payment of bonus in India has undergone many changes not only in its meaning but also in its mode of payment, i.e. the principles which form the basis of its payment. Starting as an ex-gratia payment (during the Second World War), it reached a stage when it came to be recognised as a matter of right on the part of the employees.

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[10] Government of India, *Scheme of Productivity Linked Bonus*, Ministry of Railways (CNDE (P & A) 11–79/PLB–1) New Delhi, 1979.

[11] N. N. Chatterjee, op. cit. 6.

[12] Government of India, *Report of the Study Group on Wages, Incomes and Prices*, Ministry of Finance, New Delhi, 1978.

[13] National Tripartite Seminar on Linking Bonus and Productivity, *Summary of Proceedings*, New Delhi, Shri Ram Centre for Industrial Relations and Human Resources, 1980.

The productivity-linked bonus was only to be evolved and subsequently implemented, after working out the several indices for productivity measurement. In the mean time in mid-1983, the Government of India had to extend the coverage of the Bonus Act to a wide variety of its own employees, a white-collar category in many cases, such as the Post and Telegraph Department employees, Defence Ministry production units and other departments particularly in the Education and Research sectors. This was a fall out of the interpretation given to the definition of a 'worker'—made more broadbased by the Supreme Court.

Other Components of a Worker's Pay Packet

A worker also receives a variety of other cash and non-cash benefits, as a result of his being an employee of an organization. They are called perquisites or fringe benefits. Many of them are not directly related to the work or output of the particular job. Yet they have come to stay. Some of them are statutory. These perquisites are:

—compensatory city allowance
—house rent allowance
—leave travel concession
—medical benefits
—provident fund
—gratuity
—pension fund
—group-linked insurance scheme—superannuation benefits
—accident and death compensation while on duty in addition to other schemes through the firm's own insurance plan
—ESIS (statutory)—a wage deduction
—leave with pay
—education allowances

Some of these components will be covered more extensively in the chapter on Welfare.

Other perquisites include:

—Food subsidy
—Transport subsidy
—House construction loan

These perquisites are a cost to the employer for which the wage earner does not do any specific work. There are variations in the quantum, type and cost of fringe benefits from one industry to another, from one region to another and from one sector to another. Many of these fringe benefits have been provided by the employer on his own initiative or they are the result of a collective agreement or the State has legislated that a certain benefit be provided which then becomes a cost.

These perquisites are provided to the workmen in order to retain them and enhance their efficiency. In cases where it is a result of a collective agreement, the initiative comes partly from the unions and the workers who raise a demand based on specific conditions or as a result of inter-firm comparative practices. Tables 5.2 (given earlier in this chapter) and 5.3 give an idea as regards the compensation and their cost.

Methods of Wage Payment

We shall focus our attention here on two basic methods of wage payment. The first is on the basis of the time period spent at the work place. Secondly, the incentive payment system, where the payment is based on the results of the workers' efforts.

The Standard Hour System

Generally speaking, under this system a worker is paid for fixed number of hours that he works. This system is prevalent in the engineering and processing industries and among clerical, supervisory and managerial personnel where there is no rigid standardisation of work, and a certain amount of skill is involved. However, within that time, a certain standard of performance is expected. In cases where the pace of output is machine-determined, payment by time rates is quite suitable. The minimum wage rate, the need based wage, the living wage fixed by the government wage boards or collective bargaining are all on a time-wage basis. Even the fixed minimum wage earnings covered by piece rate, or wage incentive systems, are on a time-wage basis. This allows for adjustment in the DA and provides the efficient worker with leisure which in itself is an incentive.

In recent times the measured day work has been introduced as an alternative to piece rate systems, to cope with the changes in technology. The rate in this system is fixed for a particular job for which the performance level is spelt out. Failure to achieve the 'standard' results in disciplinary action. Managements are required to control labour performance by taking the initiative in determining norms, which means "concretising work output in terms of time, quality and manpower unit and effectively controlling performance against the established standards".[14] This plan is suitable in quality-conscious industries and where capital investment per worker is heavy. However, its efficient working depends on expertise in industrial engineering, work measurement techniques, and the ability to make changes when there is a change in conditions and effective control by the management. Suri has suggested that it can probably have greater application in small units where unionisation is weak and there is less resistance to change and where managements can remove hindrances quickly.

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[14] G. K. Suri, *Wage Incentives: Theory and Practice*, Shri Ram Centre for Industrial Relations, New Delhi, 1973, p. 208.

TABLE 5.3 Public-Sector Employment, Salaries, Wages: Expenditure on Social Benefits and Housing

	1970–71	1971–72	1972–73	1973–74	1974–75	1975–76	1976–77	1977–78	1978–79	1979–80	1980–81	1981–82	1982–83
Employment (lakhs)	6.60	7.01	9.32	13.14	14.08	15.05	15.72	16.38	17.03	17.75	18.39	19.39	20.09
Salaries/Wages (in crores)	361	415	541	749	1060	1352	1408	1646	1908	2214	2619	3133	3618
Expenditure, Social Benefit, Housing (in crores)	34	34	41	53	73	89			166.58	250.94	266.66	312.31	405.04

Sources: 1. (For 1970–71—1975–76) P. Chattopadhyay, *Appraisal of Public Sector Profitability*, Commerce Pamphlet 127, July 1978, Bombay, Monj Printing Bureau, p. 14.

2. (For 1976–77—1982–83) *Public Enterprise Survey*, 1982–83, Bureau of Public Enterprises, Ministry of Finance, Government of India, Vol. 1, pp. 9, 285, 311.

The Piece Rate System

It is applicable to simple manual operations, where the effort of an individual or individuals can be measured in terms of quantity or quality easily and increase, paid for. A fixed price is paid per unit of output. The workers' earnings are calculated by multiplying the units of output by the price per unit. Under most piece rate systems a minimum hourly rate is guaranteed, so that for slow workers it is literally a time wage. Some modified versions of this system are discussed here.

Piece Time Rate System

The standards of performance are quoted in units of time regardless of the time actually taken to complete the task.

Differential Piece Rate System

Two rates are fixed for a job after a level of performance is established by a time study. One rate is higher than the going time wage, the other lower. In case of lower standards of performance, the lower rate is paid. Since this system can also discourage, in view of the high task level it is almost nonexistent.

The traditional piece rate system is prevalent in mines, plantations, and in the textile and clothing industries where it is easy to relate effort to production and the work is standardised, repetitive and easily measurable. Considerations of quality are important when adopting the piece rate system. Since many industries still use 'intermediate technology' and since the productivity of labour is a very important factor, the piece rate system is a common basis for incentive payment. It is also a strong inducement to the worker to increase his output as he can easily calculate the increase in his earnings. However, this system has its disadvantages. It cannot be used in modern capital-intensive industries. It also becomes difficult to compensate the worker with DA by increasing his wage—a lower output on his part will mean a lower DA. He may over-exert himself in his eagerness to earn more or may ignore quality. Technological innovations will necessitate the revision of piece rates. The subsequent gains to productivity may not be easy to compute in terms of human effort and technological effort.

Wage Incentives

Wage incentives increase the earnings of workers and improve the efficiency of the unit, thereby lowering costs. They encourage workers to accept technological improvements, resulting in increased production, and a better standard of living for themselves.

India probably leads the way in the use of wage incentives as a method of increasing workers, productivity.[15] While, to workers it means earning

[15] G. K. Suri, *Wage System : Its Effective Management*, All India Management Association, New Delhi, 1976.

more, managements find that they can make better use of their manpower, and thus reduce production costs. Suri gives a number of reasons for the importance of wage incentives on productivity: (i) wage incentives offer a relatively easy way to pull up the efficiency of a worker to a higher level; (ii) financial incentive might be motivationally more effective than other forms of incentives; (iii) job control is still largely in the workers' hands; and (iv) proper application of wage incentives can benefit the community. The Study Group (NCL) has recommended that "under our conditions wage incentive is concerned with effective utilisation of manpower, which is the cheapest, quickest and surest means of increasing productivity. The only practicable and self-sustaining means of improving manpower utilisation is to introduce incentive schemes and stimulate human effort to provide a positive motivation to greater output."

What is an Incentive Scheme?

The Study Group appointed by NCL defines 'wage incentives' as extra-financial motivation. A wage incentive scheme has been described as "payment for work of an acceptable quality produced over and above a specified quantity or a standard". An incentive scheme can apply to an individual, a group or all employees in an enterprise. At the TISCO plant in Jamshedpur, all the employees are covered by a plant-wise incentive scheme. Incentive schemes are introduced when the management finds production levels poor in relation to wages or when there is a threat from a competitor in terms of cost. Thus, an incentive scheme is introduced to induce the worker to move to an acceptable (by the management) level of performance, on the promise of increased wages. The incentive scheme should take into account different factors like adequacy of the additional income, the constancy of these earnings and the time gap before the worker is able to collect his incentive wage—he may have immediate need for it, or may have allocated it for a specific purpose. An incentive scheme, however, cannot be a substitute for good management. The role of the management is of primary importance for the success of an incentive scheme.

The Working of an Incentive Scheme

The worker receives an increased wage, which is the incentive in return for a better standard of performance. Hence, in any incentive scheme a 'standard' has to be fixed. The discretion of introducing an incentive scheme and fixing standards of performance have been left to individual employers. However, this is subject to two safeguards: (i) that the union or the workers can make a complaint and that will have to be looked into by the management; and (ii) that the adjudication authorities can intervene on the basis of this complaint, using expert advice (or else its judgement is invalid) except in the case of 'agreements' in conciliation proceedings between unions and managements, regarding the incentive scheme which has been registered with the conciliation officer.

An incentive scheme based on rate of output will not be applicable to precision work, quality conscious industries, or where hazardous work is involved. All incentive schemes are based on the assumption of acceptable quality, but some work demands exceptional quality whatever the time involved.

How Standards are fixed

Usually, companies take as the 'standard' the average performance of the previous years and then add to it the percentage they consider necessary to bring it to an acceptable level. A standard can also be fixed, using more scientific techniques. Chatterjee has classified these techniques under the following headings.

Time Study. This consists of breaking up an operation into distinct units, and then calculating the production time when the worker is actually working. The next step is the rating or levelling process—the level of performance of an employee is compared to that of a normal worker or group, involved in the same process of production. By this method, management is able to arrive at "the normalised effective time" for the operation. Standard time will be evolved after making certain allowances for fatigue etc. which may be considered reasonable. In the second and third steps, allowances have to be made for time for personal needs, periods of lack of concentration, night shifts, etc.

Work Measurement. It includes the time study method, originally known as the time and motion study. Some of the other work measurement techniques are given below.

Synthetic Data. Sometimes, managements are in possession of data from previous studies, of operations similar to those for which an incentive scheme is intended. Using this data, and making some adjustments and synthesising available facts, a new incentive plan is drawn up.

Analytical Estimation. This is a process of estimating a reasonable standard time for each job or operation by comparing it with previous data derived by work measurement techniques. This method is best applied to non-repetitive jobs.

Activity Sampling. A large number of observations are made of a production process, the worker, etc. at random intervals to determine the percentage of working time.

Most incentive schemes have a minimum guaranteed wage as a safeguard against excessive fluctuation in earnings. This wage is paid when, even with a willing work force, production cannot be increased due to unavoidable circumstances such as powercuts, machinery faults, etc. To ensure the working of an incentive scheme, a 'cut-back wage' is paid when the standard is not achieved—the reduction in wages (cut-back wage) is in proportion to the reduction of work. The National Productivity Council in its analysis of 131 Indian companies found that the majority of incentive schemes are based on past performance data and less than 40% on scientific wage measurement while a smaller number combine both methods.

Different Kinds of Incentive Schemes

In advanced countries increased wages do not provide a major incentive to workers to increase productivity. Sometimes they prefer leisure to increased wages. Hence, better conditions of work, leisure, changed working practices or methods are conceded to workers, in addition to higher wages sometimes, to stimulate them to greater effort, to increase productivity. The motive of the management in bargaining thus is to improve efficiency and check rising costs. Managements feel that wages will continue to increase; so by 'productivity bargaining' they are able to get something in return for the increased wage they will pay.

The ILO has, however, classified incentive schemes into three more groups —where earnings are proportionately less than output; where they are more than output and where earnings are in proportions which differ at different levels of output. Marriott in his study of incentive payment systems in the UK, felt that incentive schemes should include more than the ILO classification, and cover long-term incentive schemes such as profit sharing, co-partnership or those based on standards of production, sales, or profits.

Merits and Demerits of an Incentive Scheme

A system which relates earnings directly to effort is naturally favoured by workers, especially in India where economic needs are predominant. An incentive scheme is thus an effective method, if suitably devised, to stimulate workers to greater effort and to increase productivity. Workers are motivated to perform efficiently. There is also the element of satisfaction—that they are being rewarded for the extra efficiency and effort. An incentive scheme makes better use of both manpower and capital assets, and cuts down on restrictive and time wasting practices and excessive overtime. However, if the 'standards' are not properly fixed or if the 'incentive' is not commensurate with the effort or productivity, it can demotivate the worker. If the incentive payment is delayed, it may not achieve the necessary effect and may not appeal to the worker or may arouse suspicions of underpayment. Once a worker is paid a certain wage for a certain level of performance, he may not increase his effort, unless a higher incentive is offered.

An incentive scheme should be introduced only when there is a basic consensus on the merits of the scheme by both management and workers. Plant-wide schemes have greater chances of success, as all those involved are benefited and hence there is co-operative effort. Usually, 'indirect' workers in India share 30–80% of the incentive earnings of 'direct' workers—i.e. those directly involved in production. Since conditions change, incentive schemes cannot be expected to be permanent and they need to be reviewed from time to time. Managements with incentive schemes should make provision for a competent authority—accepted by both management and unions to settle disputes in regard to payment, working conditions, etc. Hence, it must be emphasised that the 'standard' should be evolved after careful analysis as a wrong calculation can lead to many problems, that may mar the chances of success. These guidelines are important for the success of an incentive scheme.

Productive bargaining (a term which came into use after the Fawley Refinery Agreement in the UK between ESSO and their workers) does not imply the discussions that managements have with workers with regard to incentive schemes. This term has been defined earlier, and is meant to eliminate the non-productive restrictive practices of workers. Earnings will be increased only if the management objectives are achieved and this is negotiable with the unions. Productivity bargaining may mean structural and organizational changes, while incentive schemes demand greater output in the same conditions due to greater effort by workers.

A scientifically devised, systematically evolved, and effectively administered incentive scheme has its obvious merits and could benefit employers, employees and the community in general.

Methods of Wage Fixation

Any discussion of the various methods of wage fixation has to take into consideration the concept of a minimum and living wage, especially so in a developing economy like India. The government and the agencies connected with wage fixation have constantly been concerned with this problem.

In India, several methods are employed in fixing the workers' wages. Different bodies such as the pay commissions, wage boards, industrial tribunals and labour courts as well as the high courts and the Supreme Court perform this task. Wages are also fixed through collective bargaining and job evaluation.

An employer and his workmen either singly or jointly have a number of mechanisms by which they arrive at an agreement about a wage rate and the attendant perquisites. In order to decide upon wage rates which are realistic, an employer may scan the labour market to gather data on what the current rate is, at the various levels of skills that he wishes to employ as well as the comparative wage rates in similar industries for similar skills. Another criteria for fixing of wage rates is the employer's capacity to pay.

The employer should, therefore, have adequate capacity (financial resources) to pay the market price for a particular skill. A related dimension is the effect the increased costs will have on the competitiveness of the firm and hence its viability in the market. In other words, to what extent can the cost increase be absorbed without affecting the firm's viability. Such a concept is related to the nature of the enterprise(s) working within a particular industry. This criteria of the capacity to pay varies from firm to firm and a specific approach has to be formulated in each case.

Some of the methods adopted are discussed below:

1. Legislation
2. Wage boards
3. Job evaluation
4. Collective bargaining.

Legislation

Industrial unrest immediately prior to and after Independence led to the evolution of a policy on minimum wages. Many other factors contributed to the enactment of the Minimum Wages Act, 1948, to regulate industrial wages, the chief among them being the emergence of the ILO which set standards in respect of labour, and the increasing power and militancy of the trade union movement. The Minimum Wages Act, 1948, emphasised that if exploitation of labour through low payment of wages was to be prevented, wages had to be regulated and could not be entirely determined by market forces. Under the provisions of the Act, the State and the Central Governments were empowered to fix minimum wages for 144 scheduled categories of employment.[16]

"The terms which have acquired currency in discussing wage problems since 1948 are: (i) statutory minimum wage; (ii) bare or basic minimum wage; (iii) minimum wage; (iv) fair wage; (v) living wage; and (vi) need-based minimum wage. The first term owes its origin to the provisions of the Minimum Wages Act, 1948. The second is used in awards and judicial pronouncements. The next set of three terms have been introduced in the report of the Committee on Fair Wages (CFW) and the last named one in the resolution of the 15th Session of the Indian Labour Conference in July 1957. That is, 'the minimum wage'. The general scheme of the Committee on Fair Wages is that the minimum wage represented the lower limit of the fair wage. Beyond it was the higher level of the fair wage, and the highest level of the fair wage was the living wage."[17]

The upper limit was to be set by the capacity of the industry to pay in the present and on its future prospects. For purpose of calculating a fair wage the needs of a standard family of three consumption units were to be considered. The Committee on Fair Wages felt that on no account should the fair wage be lower than the minimum wage.

The Committee on Fair Wages (CFW) fixed only the components that were to be considered in fixing the minimum wage. The Indian Labour Conference (15th session, 1957) set norms for calculating food, clothing, housing, and other requirements to serve as guidelines in fixing the minimum wage. The Second Pay Commission (1957–59) used these norms, and the minimum was worked out on that basis for the employees of the major organizations of the Central Government. The minimum wage fixed by the Commission was Rs. 80 corresponding to the All India Working Class CPI level 115 (1949 = 100). According to CFW, "a minimum wage must provide not merely for the bare sustenance of life, but for the preservation of the efficiency of the worker. For this purpose, the minimum wage must also accommodate some measure of education, medical requirements and amenities. The CFW categorically stated that if an industry which was not in a position to pay the minimum wage it was imperative in the larger interests of the country, and it was the responsibility of the State to take steps to enable that industry to pay at least the minimum wage. The Committee was of the definite view that for fixing the minimum wage no regard should be paid to the capacity of an industry to pay and it should be based solely on the requirements of the worker and his family. On the other hand, the upper limit of the fair wage, according to the CFW, "is equally set by what may be broadly called the capacity of the industry to pay".[18]

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[16] Op. cit., 9.

[17] 'Report of the Fair Wages Committee' as quoted in *Wage Issues in Developing Economy*, edited by A. J. Fonseca, Bombay, Oxford University Press, 1975.

The Third Pay Commission (1970–73) recommended a minimum wage of Rs. 185 for the lowest paid employees (since it felt that an employee was not required to support a family of three consumption units early in his career), though the calculated rate for three consumption units came to Rs. 196 per month. The government adopted Rs. 196 per month as the minimum wage for Central Government employees. The minimum wage fixed by this Commission is a need based minimum wage. It is based on the dietary recommendations of the Indian Council of Medical Research Expert Group in 1968. (For a family of three consumption units the calculated dietary requirements are 7600 calories.)

The objective of the Study Group on wages, incomes and prices (1978) headed by Bhoothalingam was to consider what the minimum wage should be, and whether it should be uniform in different sectors and regions. They felt that regional, inter-sectoral considerations, the paying capacity of the employer, and the unequal influence of collective bargaining played a role in determining the minimum wage. The CFW, however, observed that "the real minimum wages can only be the absolute national minimum, irrespective of sectors, regions or states below which no employment would be permitted."[19]

The national minimum wage, according to CFW, had to be fixed after considering the following: Its effect on the generation of employment; the existing wage earnings in the small-scale sectors; and the effect on the unorganized sector.

The Bhoothalingam Committee recommended that the absolute national minimum wage (NMW) to be aimed at was Rs. 150 per month at current prices. This was to be achieved within 7 years so as not to jeopardise employment and growth in the small-scale sectors. It prescribed the NMW, for

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[18] Government of India, *Report of the National Commission on Labour*, Ministry of Labour, Employment and Rehabilitation, New Delhi, 1969.

[19] Op. cit. p. 9.

TABLE 5.4 Per Capita Annual Earnings by Components of Workers in Manufacturing Industries Drawing less than Rs. 400 (Breakdown in Percentages)

(Percentages/Provisional)

	1970	1971	1972	1973	1974	1975	1976	1977
1. Total Earnings	100.00	100.00	100.00	100.00	100.00	—	100.00	100.00
2. Basic Wage	59.70	60.12	61.77	61.43	67.36	—	64.12	61.99
3. Cash Allowance (mainly DA)	34.80	34.19	31.66	31.68	25.83	—	31.74	31.32
4. Bonus	4.10	4.90	5.63	5.87	5.64	—	3.30	5.53
5. Arrears	1.40	0.90	0.94	1.02	1.17	—	0.84	1.16
6. No. of Employees ('000)	2964	3131	3161	2900	2454	—	3598	3,517

Source: *Indian Labour Year Book*, 1971, 1972, 1973, 1974, 1975 & 1976, 1978, 1979, Labour Bureau, Ministry of Labour, Government of India.

those with a continuous monthly job, to be not less than Rs. 100 per month, to be revised every 2 years till it reaches the recommended Rs. 150 per month and thereby revised every 3 years in relation to the real per capita national income.

The wages fixed under the Minimum Wages Act were also to be revised every 3 years. The proposed minimum wage was to be applicable all over India for adults (men and women over 18 years). The present statutory wages, if lower than the proposed minimum, were to be brought to this level. The fixation of the NMW was meant only to set a 'minimum' standard. It would not affect any higher level of wages already prevalent, deter an organized effort for higher wages, or prevent the supply-demand factors from regulating payment.

On the other hand, the objective of the Payment of Wages Act is to ensure that the worker receives his wages for the month he has worked within a certain date of the next month and that no unauthorised deductions are made without his prior sanction (Table 5.4).

A homogeneous national wage structure, which is practical, effective, acceptable and applicable to all sections is difficult to achieve. It will also need constant adjustments, taking into account changes in the value of money and workers' productivity. It can only serve as a guideline and perhaps protect those who are unorganized and may be exploited. However, with the difficulties involved in enforcing statutory regulations, the payment of a fair wage ultimately depends on the employer.

Wage Boards

This is another method of fixing wages. The Indian Government, acting upon the recommendations of the First-Five-Year Plan, appointed wage boards for fixing wages. The first wage board was set up in 1957 for the cotton textile industry. The wage boards are tripartite in nature, with independent members and a chairman. It was actually the Committee on Fair Wages (FWC) which recommended the setting up of wage boards for fixing wages. Wage boards were set up due to the following reasons:

1. Workers were dissatisfied with the method of compulsory adjudication for wage determination not only because it was a lengthy procedure but also because they had no role to play in determining wages.
2. The First and Second Five-Year Plans, drawing support from the FWC's recommendations, encouraged the setting up of wage boards, tripartite in nature, in each State and at the Centre to deal with all aspects of the question of Wages.

Tripartite wage boards became the principal machinery for wage fixation in selected industries (organized sector) in India, since 1957. Table 5.5 shows the number of non-statutory wage boards for various industries, the date of appointment and date of submission of their reports.

In addition to these, working journalists are covered by the statutory wage board constituted for them under Section 9 of the Working Journalists (Conditions of Service) and Miscellaneous Provisions Act, 1955.

TABLE 5.5 Wage Boards in Indian Organized Industries

Sl. No.	Industry	Date of appointment (Month/Year)	Date of submission (Month/Year)
1.	Cotton textile	3/57	12/59
2.	Sugar	12/57	11/60
3.	Cement	4/58	10/59
4.	Jute	8/60	9/63
5.	Tea plantations	12/60	5/60
6.	Rubber plantations	7/61	8/66
7.	Coffee plantations	7/61	8/65
8.	Iron and steel	1/62	2/65
9.	Iron ore mining	8/62	2/67
10.	Limestone and dolomite mining	5/63	2/67
11.	Coal mining	8/62	2/67
12.	Working journalists	11/63	7/67
13.	Nonworking journalists	2/64	7/67
14.	Cotton textiles (II)	8/64	12/68
15.	Cement (II)	9/64	8/67
16.	Port and docks	11/64	10/69
17.	Engineering	12/64	1/69
18.	Heavy chemicals and fertilizer	12/64	1/69
19.	Sugar (II)	4/65	8/68
20.	Leather and leather goods	3/66	2/70
21.	Electricity undertaking	5/66	12/69
22.	Road transport	5/66	11/69

Source: *Indian Labour Year Book, 1974*, Simla, Labour Bureau, Ministry of Labour, 1977, p. 88.

Objectives of Wage Boards. The NCL (1969) had constituted a Committee to study the functioning of the system of wage boards, which suggested that the wage boards were expected: (i) to create a climate for harmonious industrial relations; (ii) safeguard the interests of the community and to represent consumers' interests; and (iii) derive standardised wage structure for the concerned industry.

Composition of Wage Boards. A wage board is tripartite in character, and is a non-statutory body. It consists of representatives of employers and workers and is headed by an independent chairman. The government appoints the representatives of employers and workers (of an equal number) after consulting the organization concerned. The chairman is nominated by the government as well as an economist and a consumers' representative, both being independent also. The consumers' representative is a member of the Parliament, who is expected to safeguard consumers' interests while the chairman is usually a judge either serving or retired. The total number of members of wage boards constituted so far have varied from 7 to 9.[20]

The procedure adopted by a wage board to make recommendations is as follows: (i) it issues a detailed questionnaire to collect information from the concerned parties; (ii) it makes an assessment of the views of the parties; and (iii) it makes its recommendations regarding wage structure. The wage structure recommended by a wage board is in operation for 5 years. The wage structure recommended may not always be implemented by the management.

Wage boards thus form another mechanism for the fixation of wages. They also deal with questions of bonus and gratuity, but their main function remains fixation of wage scales on industry-wise basis.

Job Evaluation

The introduction of scientific management techniques facilitates an analysis of the skill and training required for a job. This method is called job evaluation. It helps to identify with precision the key tasks, especially in measurable, output-oriented jobs.

Job evaluation is a systematic method of appraising the value of each job in relation to other jobs in the organization.

The methods used are: (i) qualitative, i.e. ranking and job classification methods, and (ii) quantitative, i.e. factor comparison and point methods.

The first requirement of job evaluation is to gather relevant data about the jobs in the organization, to be obtained from job descriptions. With these facts in hand, the organization has to decide on the compensable factors, i.e. those factors it is willing to pay for. Dunn and Rachel[21] have classified these factors as skill, effort, responsibility and working condition. Each organization will have to decide the weightage it desires to give each of these factors. Once this is achieved, the next step would be to apply this categorisation to the job to be evaluated.

Ranking Method of Job Evaluation. In this method jobs are simply rank-ordered, from the highly skilled jobs to the less skilled jobs, using either one or more of the compensable factors or the totality of the job. This simple ranking gives an indication of the hierarchy of jobs and skills in the organization.

Job Classification Method. This is a slight variation of the ranking method. In this method, instead of single jobs being ranked, jobs are classified into related groups and these groups are then rank-ordered. This method is specially dependent on data from job descriptions for grouping the jobs.

Point Rating Method. One of the most popular methods, it consists of allocating points to each of the compensable factors and sub-factors, and then adding these points to get a total score for each job.

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[20] Op. cit. p. 1.

[21] J. D. Dunn and F. M. Rachel, *Wage and Salary Administration: Total Compensation Systems*, New York, McGraw-Hill, 1971, p. 21.

Factor Comparison Method. In this method, the money value that is assigned to the compensable factor in respect of one job is compared to the money value of the same factor in another job. Thus the four compensable factors are compared with money values across jobs. Jobs are first evaluated, compensable factors identified, money values attached and then jobs are compared with each other.

Pricing

The objective of a job evaluation study is to establish the relative degree of skill complexity of each job (using one of the four methods discussed above) and then to translate this data into a pay structure, with grades and rates of pay.

The problems of pricing are tied up with the type of method used for job evaluation. In the ranking method, a rate of pay has to be found for each job. In the point method, the total points for each job are added and jobs compared. A distribution of job scores is the first step and then jobs are classified into several grades. It is generally advisable to keep to few grades since more than that may create further administrative problems in the running of the programme. Comparison of scores with existing rates of pay will give management an idea of the efficacy of the existing system and the positive changes to be considered. However, the proposed pay plan might have to be viewed in the context of a possible increase in the wage bill, offset perhaps by reduction in disputes and increased productivity. The corporate accounts department would have to work out if the company can afford the rational pay system formulated on the basis of the job evaluation studies.

So far we have seen how jobs are evaluated and then slotted into grades. Money values are attached to these grades. Generally, a job evaluation committee performs this task. This committee consists of representatives of the personnel department, industrial engineers, and the union representatives. Since wages are involved and the package has to be made acceptable, the union representatives are concerned about fairness and parity. Many job evaluation schemes have been discarded due to union mistrust and consequent rejection. Before the committee fixes salaries, a number of issues have to be decided.[22]

1. Should the wage structure be formulated after determining the highest and lowest rates?
2. Should it be determined after an industry-cum-regional community survey?
3. Finally, should there be single rates for jobs or should there be 'wage spreads' within each job grade?

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[22] A. Langsner and H. G. Zollitsch, *Wage and Salary Administration*, Cincinnati, Ohio. South-Western Publishing Company, 1961, p. 296.

We will now discuss some of the factors that affect the wage rate and therefore the method of wage fixation. The importance of each factor has to be viewed in the situational context of the plant, the region, industry, etc.

Wage Differentials

Wage differentials bear a direct relationship to the diversity in occupations and industries that exist in the economic sphere of activity in a country. In other words, why is it that a certain job requiring a certain skill is paid more or less than another job requiring a different skill either in the same or some other industry. There are a variety of contributory factors. There is a need to understand the reasons for these differences as in many cases there is a constant adjustment taking place in order to maintain the existing disparity—for instance, between the skilled and unskilled or semiskilled workers; between the officers and the supervisory or clerical staff and so on.

When there is a variation in workers' skills, i.e. highly skilled, skilled, semiskilled and unskilled, their wage rates will differ. The variance is due to the complexity of the skill acquired, its scarcity, the time taken in training to acquire it. The unskilled category, which requires none of these, is relatively less well paid. There are certain jobs which involve physically heavy work, others which are strenuous but may not require very high degree of other skills, and yet again, there are certain jobs which require the workmen to work in unpleasant and dangerous conditions, like coal-miners, who have to work underground with poor ventilation and safety hazards. Yet they may not get high rates. The economic factors or abundance of such workers may alter their bargaining strength. When the coal industry was replaced by oil, because of its lack of modernisation, the wages of the coal-miners were depressed. Two factors need to be taken into account here—the demand and supply for a particular category of skills and the state of prosperity of an industry or unit. If it is depressed, this will have some effect on wages and consequently on the grades. The rate of dearness allowance (DA) depending on the index chosen will affect wage differentials. In many situations, arbitration or judicial pronouncements have favoured a higher quantum for the lowest category of workers.

On a wide scale, there has not been a systematic attempt at job evaluation—an exercise which would have identified the differences in terms of skill, training experience, etc. between jobs and provided for relative weightages which could lead to standardisation and eradication of distinctions for the same type of jobs. In the modern organized sector, where collective bargaining is prevalent, there is a trend towards job evaluation schemes.[23] The influence of collective bargaining in terms of pushing up wages in some industries and regions has been quite significant, especially in situations where collective bargaining is coupled with union strength. Finally, the difference in terms of a unit's level of productivity and profitability and its influence on differentials has to be considered. If both productivity and profitability are high, then the wages sought and given are correspondingly high.[24]

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[23] Op. cit., p. 8

We will now examine some of the problems and distortions that occur due to the existence of differentials.

There are wage disparities between individuals doing the same or similar kinds of work, merely because they belong to different categories of organizations like government departments, municipal bodies, the private sector and so on. The Bhoothalingam Committee has pointed out the example of sweepers with different wages for the same skills as a case in point. The other distortion pointed out in the Report is the case of people with higher qualifications and specialist skills, receiving less wages than people with much less qualifications, e.g. the teaching profession. Of late, another contrast has begun to manifest itself in a slightly different context, where Class I officers have been drawing less pay than their subordinates. Wage differentials occur for a variety of factors, as the wage pattern has evolved in a historical context and under the influence of certain additional, contextual factors such as the change in situation. For instance, as the Gulf countries demand some of India's skilled workmen, their scarcity increases and consequently their wage rates. We will now examine the several contributory factors.[25]

Regional Differentials

A particular geographic area or region may have one set of wages as compared to another. For instance, the Western region of India is generally found to have higher wage rates, the contributing factors being the demand and supply equation of labour, given the large number of industries, implementation of legislation, union power and worker awareness. Again, within the Western region there are variations—certain pockets, deemed as backward areas, may not command the same wage rates. The industrial climate in this region or at least in the advanced parts is receptive to introduction of new technology which in turn requires more skilled workers, commanding higher wage rates and consequently increasing the overall average.

Intra-Industry Differentials

Even within each industry (e.g. textiles) differentials in wages exist for the same or similar skills in regions which are not always different (Table 5.6).

Skill Differentials

There are wage differentials based on skills acquired because of the training necessary to master a particular skill, the scarcity of a particular skill in the

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[24] Op. cit., p. 9.

[25] Op. cit., p. 17.

TABLE 5.6 Region-wise Earnings of the Lowest Paid Operatives in the Cotton Textile Industry (Rs. per month)

Year	Ahmedabad	Bangalore	Baroda	Bombay	Coimbatore & Madras	Delhi	Indore	Kanpur	Nagpur	Sholapur	West Bengal
1970	221.16	137.01	200.84	235.78	203.32	205.03	170.69	179.51	182.59	182.76	162.50
1971	225.80	148.81	205.02	245.71	215.56	219.57	188.66	189.04	188.14	193.62	166.33
1972	238.79	190.48	216.71	258.15	239.23	229.88	200.56	213.32	196.89	204.39	194.02
1973	282.82	232.68	256.34	288.88	268 74	271.68	250.21	253.39	218.47	256.21	231.87
1974	363.62	284.82	343.93	370.01	367.92	370.48	353.71	376.18	302.10	319.22	299.40
1975	406.14	318.25	380.61	461.85	445.83	397.08	396.10	404.98	342.60	360.77	339.46
1976	372.26	297.82	346.84	399.91	402.90	386.55	351.28	363.88	315.52	319.70	337.16
1977	397.77	322.82	372.29	424.48	432.50	407.63	376.93	403.24	318.48	332.67	359.49
1978 Dec.	433.49	327.00	407.89	441.83	467.30	433.64	395.56	445.67	341.24	403.55	390.25
1979 Dec.	510.13	380.01	438.27	534.49	568.13	454.47	461.08	461.66	364.90	428.02	508.65

Source: *Indian Labour Journal*, Vol. 21 (3), March 1980, Labour Bureau, Ministry of Labour, Government of India.

job market, the criticality of a skill to a firm's viablity, and so on. For instance, in the textiles industry 'jobber' is a skilled category and the 'mazdoor' is the unskilled category, so that the former commands higher and the latter lower wage rates. Two significant factors need to be taken note of, in this context. The DA and fringe benefits have to some extent narrowed down the differentials between the skilled and unskilled categories. When there is an acute shortage of a particular skill, then an employer may be willing to pay more than the 'going rate' in the area for that particular skill, in order to attract the skill that he requires. In some cases there may be industry agreements on wage rates, which could be flouted. Paying more than the contract rate is termed 'wage drift'.

Inter-Industry Differentials

There are variations, once again, between the several types of industries. Not only are there variations in terms of the average wages between one industry and another but also between similar skills from one industry to another. The occupational wage survey gives data regarding the difference of average wages across industries. In addition, there are wage differences for the various skills from industry to industry, for example, an electrician earns different wage rates across industries.

Sex Differentials

Women workers have traditionally been paid less as compared to men workers. However, there are exceptions like the packaging industry where their rate of earnings has been higher. The concept of equal pay for equal work is yet to be implemented all round, though in many cases, especially at supervisory/managerial level, it has been implemented, but otherwise it is gaining, albeit, slowly.

Wage Survey

A word about the wage rate survey. This is an additional data-gathering mechanism. Since comparisons are usually made by employees, managements and unions, these surveys are useful for setting wage rates, in retaining employees and in providing information about wage levels of competing firms in the area. Data from these surveys are used in conjunction with a variety of other factors, like existing salary grades, company philosophy on wage, union's 'pushfulness', technology and the economic status of the firm.

Problems and Issues of Wage Determination

The Bhoothalingam Committee found that the private organized sector has, on an average, a per capita wage which is approximately three/four times higher than the national per capita wage. There are other sectors like the unorganized industrial and agricultural sectors, where the situation is quite different. In a labour surplus economy, once a worker is in the organized sector, his wages and other benefits soar above his unemployed or less well employed brethren. According to Palkivala, the wage earner constitutes the top 5% of India's income earning group.

It would not be possible to do away with wage differentials altogether. Depending on the availability of skills, there will be some differentials on that account. The phenomenon of 'wage drift' referred to earlier gives rise to some differentials. The Bhoothalingam Committee, which examined this aspect of the problem, addressed itself to evolving "reasonable wage differentials between different kinds of jobs". From a long-term point of view, it is necessary to evolve a mechanism for adjustment of wages in relation to the changed economic situation. This is not an easy problem to overcome. Historical evaluation based on the relative importance of different skills had already taken place and whenever such a differential was upset, the higher skill groups always moved to restore the status quo. Whereas the current situation may require narrowing down some of these differentials and accommodating at a higher level the newly emergent complexities of certain skills. Many work place conflict situations have been ascribed to this phenomenon. The Bhoothalingam Committee also realised the difficulties involved in such rationalisation, when it spoke of the evolution of skill 'rights' in this regard.

In developed countries, norms or guidelines for wage increases in line with productivity increases are indicated. The emphasis has also been to give a little more to the lower paid categories. In India, we have no guidelines and wage increases are the result of a combination of factors like profitability, productivity increases in cost of living, union bargaining strength and government regulations.

If collective bargaining is accepted as the mechanism that should evolve over time to determine wages, then it would include wage differentials for skills, output and performance, according to the Bhoothalingam Committee. Job evaluation schemes, eventually, get tied into the collective bargaining process as has been the experience in developed countries. In such cases the wage structure in the long run tends to be more equitable, rational and stable. Collective bargaining depends on an information system, which gives data about wage rates and occupational groups in the region, industry, locality among other things.

The basic issue under discussion in this section was to examine the process of linking wage rates to job content.[26] There are wide variations and disparities in spite of the jobs being similar or nearly similar. These disparities have developed as a result of the influence of a number of factors over time. In order to begin the process of rationalisation and correct some of the distortions, the first step would be to standardise occupations with precise titles, obtain job descriptions and undertake job evaluation. In the implementation of job evaluation schemes, there are apprehensions and resistance by the workers and unions to be overcome.

This is one area for a policy to be laid down, the other is with regard to the differentials between managers and workers. Should there be clear guidelines on the differential ratios? The government has laid down salary and perquisite guidelines for company directors. These are administrative guidelines approved by the sanctioning ministry, which has to approve the contracts of directors.

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[26] *Op. cit.*, p. 17.

The Bhoothalingam Committee suggested a variety of measures on this issue. There was to be a limit to salaries and perquisites, with a more thorough costing of perquisites. The differential between the lowest and highest salary was to be in the range of 1 : 10. The Sachar Committee (a high-powered expert committee on companies and MRTP Act, 1978, chaired by R. Sachar) suggested that the role of the government in fixing top management's salaries should be reduced. Rather than operate on a case by case basis, some norms were to be prescribed for everyone to follow. The Bhoothalingam Committee suggested the setting up of a National Pay Commission, whereas the Sachar Committee suggested that corporate annual general meetings should be the forum to work out the details, within the norms prescribed.

At the enterprise level, if wage rationalisation is an objective, in order to eliminate wage inequities and the consequent injustices, the implementation of job evaluation schemes has been found to be of some help in overcoming them.[27]

Wage Policy

In a developing economy like India, a balance has to be struck between the objectives of economic development and the principles of a democratic system in the formulation of a national wage policy. The varied pulls and demands make it a complex exercise.

After Independence, the Industrial Policy Resolution (1948) emphasised the following areas of concern: (i) the need to determine statutory minimum wages in the *sweated* industries; (ii) to move from the minimum wage concept to the fair wage concept in the more organized sector. The government set up the Committee on Fair Wages to examine and make recommendations regarding the level of wages which was categorised into Minimum wage, Fair wage and Living wage.

The government has also set up three pay commissions so far to review the wages and salaries of Central Government employees. However, these commissions have had to work in a given context, therefore, their recommendations are bound to have repercussions on other sectors and vice versa. The five-year plans spelt out the government's intent on a variety of labour matters, including wages. A separate chapter discusses this aspect.

The National Commission on Labour (NCL) suggested five indicators to assess wage policy. They were: industrial harmony, level of living, changes in productivity, impact on prices, and share of wages.

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[27] Op. cit. p. 17.

The number of mandays lost due to wage-related issues, as has been seen, constitutes a major component in the total mandays lost.

The gross wages or the per capita average wages for workers have generally shown an upward trend but the real wages have, however, been going down. The delay by the tribunals in giving their awards has further aggravated the problem of erosion of the workers' real wages.

The NCL goes further on to link the drop in real wages with the growth in productivity of the Indian worker. The NCL felt that in spite of the difficulties in measuring productivity and the related contribution of an individual worker it was still possible to conclude that the productivity of the Indian worker had gone up for the period under review. The impact of wages on prices and hence on cost of production has been negative.

Some policy issues for consideration are:

1. Whether we should have a low wage system especially in a labour surplus economy like ours and consequently generate more employment. Alternatively, we could have a high wage system and consequently low employment, which may not be relevant in the Indian context.
2. There is a certain 'dualism' in the wage structure, between the large-scale, modern organized sector and the small entrepreneur. If these differentials between the 'high' and 'low' (in relative terms, as even the low here is much higher than the poverty line categories) are not maintained then there is a possibility that the small units will find it hard to survive. The NCL has said that this dualism is 'inevitable and desirable'. It has also gone on to recommend that scientific job description and job evaluation studies should be undertaken to reduce differentials and 'standardise job classifications' wherever necessary. In relation to wage differentials in the organized sector only, the Bhoothalingam Committee suggested the need for rationalising wages for same or similar skills and 'onerousness' of work as also correction of differentials between dissimilar workers with different degrees of skill and onerousness of work.
3. There is a need for policy guidelines to protect and enhance the real wages of workers. A comprehensive policy needs to be worked out on the mode and extent of neutralisation of DA. There are many indices being used at present. The NCL suggested that due attention should be given to price control, which if kept in check would not erode wages and wage increases could be linked to the rate of increase of productivity. The Bhoothalingam Committee also recommended wage hikes in relation to productivity and also recommended DA neutralisation on a point system.
4. The next issue for consideration is whether wage policy is to be centralised with the Central Government, initiating all legislation, etc. (As labour is a concurrent subject, States have to implement. Besides, in a federal set-up a certain mutuality is necessary). Or should it be

decentralised? The present practice is a combination. It is decentralised to the extent that the tribunals, wage boards, high courts and the Supreme Court also come into policy evolution and modification.

5. The process by which income, prices and productivity are to be linked in an integrated manner. Are wages to be delinked from productivity? A related sub-area would be the choice of technology, capital or if it should be labour intensive.[28] If wages are to be linked to productivity, the mechanism to measure productivity norms and wage increases needs to be spelt out. Finally, even if the above issues are sorted out, they will not be held in check if the price spiral or rate of inflation is not brought under control.
6. The need to foster tripartite mechanisms like collective bargaining, with the government only posting guidelines on the quantum of wage hikes, in the initial phases only.

Inflation and Industrial Relations

Inflation implies a substantial rise in the general level of prices of goods and services. In other words, it represents a decrease in the purchasing power of money.

Let us compare this against the money and real earnings of the industrial workers. Table 5.7 shows the average annual money and real earnings of factory workers.

The average per capita earnings of factory workers at current prices increased from Rs. 2449 in 1968 to 3158 in 1975—an increase of nearly 29%. When this is compared with the index number of consumer prices for industrial workers, it has increased from 177 to 321 in 1975—an increase of 81%—with the result that there is a fall in the average annual real earnings of industrial workers by 28% during this period. The data base after 1975 has changed; so the data from 1968–75 and 1975–78 are not comparable. From 1975 onwards the data for average annual earnings are given for workers earning less than Rs. 1000 per month. (Before that it was for workers earnings less than Rs. 400 p.m.). The first column shows the index of industrial production, which is also rising steadily. The index which was 100 in 1970 has gone up to 145 in 1979.

Thus, there is a substantial rise in the average money earnings and industrial production. Since the consumer price index is also increasing, this has eroded the value of real money earnings of workers which means that the value of money has decreased. The table shows that the rise in real wages is marginal. The real wages of workers in 1968 was Rs. 1,384 and it increased to Rs. 1,751 in 1978.

Wages/earnings forms one of the most important aspects of industrial relations. Wages constitute one of the major causes of industrial disputes.

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[28] Op. cit. p. 17.

TABLE 5.7 Average Annual Money and Real Earnings of Factory Workers

Index of industrial production 1970 = 100	Year	Average annual earnings of factory workers (Rs.)/workers	Index no. of consumer prices of ind. workers 1960 = 100	Average anuual real earning
—	1968	2449	177	1384
—	69	2588	175	1479
100	70	2725	184	1482
104.2	71	2821	190	1485
110.1	72	3000	202	1485
112.2	73	3214	236	1362
113.0	74	3119	304	1026
116.6	75	3158	321	984
128.7	P76*	5203	296	1758
135.5	P77*	5614	321	1749
144.4	P78*	5797	331	1751
145.0	79	—	360	—

P = Provisional

*Workers earning less than Rs. 1000 P.M. For the earlier years only workers earning less than Rs. 400 P.M.

Sources: 1. "Working Class & Inflation: Myths & Reality", *Capital*, May 3, 1982, **188** (4704), p. 17.
2. *Statistical Outline of India, 1982.*

(See Tables in Chapter 9—Industrial Conflict). With the rapid rise of prices, workers expect more wages. An individual worker is more interested in how much he can buy from his earnings (real earnings) rather than how much he gets by way of money earnings, since the real wages are increasing marginally, he feels frustrated and this contributes to industrial disputes.

Conclusion

The main objective of a wage programme is to attract and retain a competent and qualified workforce. We have seen the several components of a wage package that could be used singly or in combination. We have also examined the processes by which wage rates are arrived at. We have discussed the role of the government and its legislation in formulating and modifying wage policy.

The choices in terms of the package design available to a manager are to design a package in such a manner that the employee has a larger percentage of his salary as take-home pay and less on retirement benefits or vice versa. Other options in terms of the components are:

—High or low basic wage,
—High or low perquisite package,
—High or low retirement package.

A high profile of any of the three components is a part of the organization's wage strategy. An organization has to match its available resources for providing perquisites and retirement benefits, which are non-statutory, along with the needs of the employee and the market trends. A young worker starting his life would need more money income, whereas as he grows older, he would need to think of his post-retirement life. The organization could use high basic salary to become a market leader and attract talent, or use a comprehensive 'hi' perquisite package to attract and retain its manpower, at least in the short to medium run. Finally, a 'high' retirement package would tend to hold workers to the organization if they wished to avail of the benefits, or else if they failed to qualify they would forefeit the benefit.

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6

Collective Bargaining

Initially, individual employees negotiated directly with a potential employer on the wages they would receive for the service provided. With the growth of population, however, and the pace of industrialisation, large numbers of people entered the labour market. This brought about several changes. Individual employers and employees did not find it convenient any more to negotiate individually, owing to the pressure of time, variances in rewards for the services rendered and, significantly, the ability to push for more as a group on the employees' part. Employers also found it more convenient to deal with a group rather than individuals.

This led to the phenomenon of 'collective bargaining', a concept first identified by Sidney and Beatrice Webb in Britain and also by Gompers in the USA.

A variety of demographic, ideological and technological development have taken place since the beginning of the nineteenth century. At the same time, workers' trade unions grew steadily. Both war and inflation made workers feel the need to push for more wages. These two factors coupled with the fear of unemployment and consequent loss of wages gave a further impetus to collective action and unionisation.

The growth of collective bargaining was linked to the growth of trade unions of employees at first and of employers later.

The changed master-servant relationship because of the Industrial Revolution and the changed work place environment left the wage-earner with fewer resources to live on while unemployed.

In the early stages, groups or individual workers would go to their employers and present their grievances and demands to them. It was left to the employers' discretion to take note of their concerns and also to act upon them. Strike was an unlawful activity, liable to prosecution.

The pattern of growth of collective bargaining in some countries began from local bargaining at plant level to region-cum-industry level and finally to national level bargaining. This pattern gave a systematic push to employers to organize themselves and has in many instances led to collective bargaining between employers' organizations and employees' organizations (trade unions).

The Concept

The ILO Workers Manual defines collective bargaining as:

> Negotiation about working conditions and terms of employment between an employer, a group of employers or one or more employers' organizations, on the one hand, and one or more representative workers' organizations on the other with a view to reaching agreement.[1]

The process is 'collective' because issues relating to terms and conditions of employment are solved by representatives of employees and employers in groups rather than as individuals. The term 'bargaining' refers to evolving an agreement using methods like negotiations, discussions, exchange of facts and ideas, rather than confrontation. The process of collective bargaining is bipartite in nature, i.e. the negotiations are between the employers and the employees, without a third party's intervention. The objective of collective bargaining is to come to an agreement. The process of collective bargaining is that divergent viewpoints are put forth by the parties concerned, and through negotiations, a settlement is arrived at.

Some of the salient features of collective bargaining are:

1. It is a 'group' process, wherein one group representing the employers and the other representing employees sit together to negotiate terms of employment.
2. It is a process in the sense that it consists of a number of steps. The starting point is the presentation of the charter of demands and the last stage is the reaching of an agreement, or a contract which would serve as the basic law governing labour-management relations over a period of time in an enterprise.
3. Negotiations form an important aspect of the process of collective bargaining, i.e. there is considerable scope for discussion, compromise or mutual give and take in the collective bargaining deliberations rather than confrontation.
4. It is a bipartite process. The employers and the employees are the only parties involved in the bargaining process. There is no third party intervention. The conditions of employment are regulated by those directly concerned.

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[1] International Labour Office, *Collective Bargaining: A Worker's Education Manual*, Geneva, 9th impression, 1975, p. 3.

The concept of collective bargaining needs to be understood in its proper perspective. It is not merely a replacement of the market place haggling by a group of workmen with an employer.

Flanders[2] identifies the distinctive nature of collective bargaining to be basically a political institution in which the rules are made by the trade unions of workers, employers and corporations/organizations.

Secondly, since the two aspects of administration and legislation are interlinked, there is a considerable degree of joint regulation by both the parties, governed by the conventions and customs that prevail at the enterprise level.

Thirdly, collective bargaining is not merely an economic process, but more a socio-economic one. The values, aspirations and expectations also play a significant role.

Collective Bargaining Process

The bipartite collective bargaining process usually starts with a charter of demands being presented to the management by the unions on behalf of their constituent members. A fresh charter is submitted upon the expiry of an earlier agreement. If there is an existing agreement between management and union, as is often the case, then till the fresh agreement is signed, the provisions of the existing agreement would continue till it expires.

Before the actual negotiations begin, both the management and the union groups go through several intra-organizational bargains. The management will have to settle a set of internal policy issues, relating to the concessions they would make, the wages they would pay and the changes that they would like to effect as obviously these are areas of wide divergence. Again, the balance between viability of the firm, in terms of profits and labour costs, needs to be reconciled. An organization has competing interests to contend with, in that it has to cater to all the shareholders, the employees and the consumers. The shareholders expect profits and higher dividends, the employees expect higher wages and the firm has to deliver quality products at a competitive price to survive and enhance its image. Internal strategies have to focus on reconciling these interests and fix priorities for the demands of the several groups from time to time.

The other major policy issue is the stance management takes towards the union—from a tough stance to an accommodating or conceding one. Amongst the managerial group, therefore, these issues will have to be resolved and a unified stand presented at the negotiating table.

Moreover, some important aspects such as the cost implications of the unions' demands and its effect on profits, viability of the firm, and the escalation of prices of its goods and services have also to be considered by the management group. Besides, in many cases, some traditional managerial prerogatives may be questioned, e.g. the union may wish to have a say in matters of promotion or selection procedures. Gathering of comparative data from firms in the region and industry, in terms of practices and percentage wage increases negotiated in the recent past, is necessary too. Some firms take a policy decision to maintain leadership roles while others opt for middle level positions and finally others opt for the lower rungs. Each of these approaches will necessitate certain postures at the negotiating table depending on the way the case is argued to defend the chosen strategy.

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[2] A. Flanders (Ed.), *Collective Bargaining*, Penguin Books, Middlesex, England, 1969.

Similarly, the union team having gone through an intra-organizational political exercise, decides upon their strategy and priorities so as to present a united front at the negotiating table. Gathering of data, once again, would be the first step towards formulating the charter of demands. The various groups/categories, such as skilled, semi-skilled and unskilled workers, will each want to maintain and further their differentials amongst each other. The quantum therefore needs to be reconciled by the union representatives without alienating the several groups.

They also work out quantum of wage increase and other welfare measures in preparing the charter of demands. Problem areas either in terms of multiple employee grievances, e.g. on promotions or wanting a greater say in the government of the enterprise, e.g. formulation of promotion policy, selection norms and processes, can be included in collective bargaining demands from the union. Therefore, there is a great onus on the part of the union executive to keep in direct touch with the rank and file members in order to ascertain their views and needs.

At the Bargaining Table

Generally, the union's charter of demands ranging from wage increase to personnel policies are discussed at the bargaining table. Item by item the various demands are taken up, each side presenting its case to the best of its ability; the management giving its prognosis of the state of the industry, the environment, the firm's capacity to pay and its constraints; the union demanding wage increases to meet the increased cost of living of expectations of workers in the changed socio-economic context as well as the increases agreed to by other firms.

Some of the alternatives that these initial rounds of clarification and explanation can provide are given below:

1. Total rejection of all demands as unreasonable, and, therefore, a deadlock.
2. Rejection of some (perhaps major demands like % increase in wages) and offer to consider some others.
3. Management to work out cost and other implications of demands and re-start negotiations.
4. While agreeing to consider union demands, management puts forth counter demands of its own.

Depending on the strategy adopted a variety of sequential actions follow.

In case of a deadlock, if no further thawing of 'stands' takes place, industrial action may follow to force the issue towards settlement. Alternatively, both the parties may be forced into conciliation and attempts at a compromise settlement may be made. The second course of action could also lead to a deadlock if the more significant demands are not tackled, but in that case, the possibility of communication still exists.

It is in the last two options that the free play of collective bargaining process operates. In these, the channels of communication are open, perhaps to the greatest extent possible.

Besides 'homework' on the union demands; in recent times an aspect that has gained importance is that of management putting forth counter demands regarding certain work place rules. Collective bargaining has thus become a two-way process. Maintaining communication links during negotiations, even when the positions are divergent, helps in collective bargaining, for once these break down, it becomes difficult to re-start the process. Another important aspect is to be able to read the 'hidden agenda' that one's counterpart is trying to communicate or to read between the lines. The good negotiator not only has a feel for but is aided by his knowledge and intelligence reports of the situation. He knows of the other's vulnerabilities and how the opposite side may react and chooses the most appropriate strategy.

The second related aspect is to fathom the 'sticking point' of the other party, i.e. the level of acceptance of a particular demand cannot be less than x amount, as anything below that will not be acceptable to the rank and file. The agreement has to be ratified and this is where the survival of the union executive and the management is important. In bargaining situations, demands are pitched higher than what one would really settle for and offers are initially made lower than what one is really prepared to give. Pigou[3] refers to this 'sticking point' as the level which will be acceptable and a settlement can be reached. A charter, on the other hand, may have several demands; some are major while others are minor demands. Agreement on the major demands is more important, and usually, the minor ones are more easily compromised and settled.

Walton and McKersie[4] have characterised all these variations in bargaining into the following categories, and any settlement may have one or all the elements, i.e. (i) intra-organizational bargaining; (ii) attitudinal structuring; (iii) distributive bargaining; and (iv) integrative bargaining.

Earlier we saw the reference and importance of intra-organizational bargaining, whereby both the employers' and unions' executives discuss the general demands/strategies and arrive at a consensus of approach among themselves before parties meet at the bargaining table.

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[3] A. C. Pigou, as in N. W. Chamberlin and J. W. Kuhn, *Collective Bargaining*, New York, McGraw-Hill, 2nd edn., 1965.

[4] R. E. Watton and R. B. McKersie, *A Behavioural Theory of Labour Negotiation*, N.Y., McGraw-Hill, 1965.

Attitudinal structuring implies an orientation or an approach to the concept of collective bargaining as an ongoing relationship, rather than as a piecemeal, ad hoc settlement. Such a stance also presupposes trust and confidence in the other party and the focus therefore shifts from the mere settlement of issues to evolving long-term bipartite relationships whereby the two parties live and work together.

A distributive bargain is one wherein one party gains and the other loses. For the management, labour is a cost and must be curtailed; for labour, they must win as many concessions or demands as is possible. It is, therefore, a 'zero sum' game, i.e. one party's gain is another's loss. This strategy represents the traditional wage bargain, where the focus is on self and one's narrow interests without taking into account the enterprise's interest as a whole. The strategy is to grab as great a share of the cake as is possible.

Finally, an integrative bargain is perhaps the most desirable, as it aims at expanding the size of the cake with both parties getting a continuously bigger share. In such bargains, productivity aspects are taken into account and by a process of mutual problem-solving the sum total of the gains can be increased. The problem of distribution does come up, but where the approach is one of concern for the viability of the enterprise, as also with one's own growth, then the reconciliation of interests is much greater. This, therefore, becomes a 'non-zero sum game', with a more open and acceptable approach to productivity increases and sharing of such gains in a mutually satisfactory manner. Related to the above issue is that of the bargaining power of the two parties. We have already mentioned very briefly Pigou's[5] concept of 'sticking point'. According to it, management has an upper limit of what it will concede in terms of money etc. and the union has a lower limit, below which it will not accept a settlement. These two points are the 'anchor'. If an agreement is to be reached, negotiators will have to fathom these unstated points (the sticking point—the acceptable terms) and operate within them. In some situations, 'money' concessions may not be forthcoming but perquisites and other benefits may be more easily conceded. Usually it takes an experienced negotiator to understand the dynamics of negotiations and be able to fathom his counterpart's own back home situation.

Lindblom[6] suggested that bargaining power is a broad concept and the factors determining it are:

1. The tastes, goals and motives of the parties.
2. Skills in techniques of persuasion and coercion.
3. Competiton from other buyers and sellers.

The changing socio-economic situation may also change the approach to a particular demand, for instance, what appeared to be exhorbitant may no longer seem so or a welfare measure may not look all that radical as it did a few years earlier. However, perceptions of people differ and the same yardstick does not apply to all.

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[5] Pigou, op. cit., p. 3.

[6] C. E. Lindblom, as in Chamberlin and Kuhn, op. cit., p. 3.

The bargaining power, to a certain extent, is dependent on the cost-benefit ratio of a given situation. For instance, during a recession with inventory build-up, the leverage of a strike may not be felt very much. On the other hand, a strike threat will achieve considerable coercive power in case a product-launch is planned. The cost of going in for a strike with consequent wage loss, however, must have significant pressures, or for that matter a lockout also must have significant counter-pressures. The power base thus keeps shifting, given the situational context and the cost to the parties involved.

Collective bargaining is generally structured and conducted at three levels: (i) plant level; (ii) industry level; and (iii) national level.

Plant Level

This is the basic or micro level unit, where negotiations are conducted between the management of the plant and union(s) of the plant. Generally, the unions are centred around the plant, with little or no involvement in other bodies. There are many plant level agreements but the pioneers, in this field, are Tata Iron and Steel Co. Ltd. and Tata Workers Union (Jamshedpur), for their agreements of 1956 and 1959 contained many novel features, including workers' participation in management. The Belur Agreement between Indian Aluminium Company and its union in 1956, the one between Voltas and Volkart and Voltas Employees Federation and the 1956 agreement in Modi Spinning are some other examples.

Industry Level

Several units in the same industry band together and form an association, which negotiates with a union having a similar status. The agreements are somewhat broader in scope and delineation than the plant level settlements which are very specific. (The BIR Act also provides for industry union—see chapter on Trade Unions.)

The Rashtriya Mill Mazdoor Sabha negotiates with the mill-owners of Bombay on behalf of the workers, as it is the recognised industry union. Similarly, in Ahmedabad the Millowners Association negotiates with the recognised union, the Textile Labour Association (TLA). Some features of the 1955 settlement were joint determination of bonus and quantum to be paid by each mill. It also called for mutual negotiations in settling all disputes, failing which both parties could resort to arbitration.

The iron and steel industry (mostly public sector corporations) has also concluded industry-wide settlements.

National Level

Here the terms of reference and scope are much wider though such agreements are not so common in India. The representatives of the trade union and the employer negotiate and arrive at a settlement, but given the industry-cum-region convention in India, such national level agreements are few. At some tripartite conferences convened by the Government of India, certain specific issues have been negotiated and contracted, e.g. the Agreement to Rationalise Work Practices and manning and related issues, concluded in 1951 between labour unions (INTUC) and management. The other agreement was the 1956 agreement on bonus for plantation workers between the representatives of the Indian Tea Planters Association and Indian Tea Association and representatives of HMS.[7]

Collective Bargaining as a Method of Wage Fixation

A significant feature of collective bargaining agreements is the wages that will be paid for the work done by the employees. The union's concern as well as that of the management is the criteria utilised in wage negotiations. In actual fact the union is rarely involved in setting the original job rates; this is done by the management.[8] The union is actually involved in enhancing, or, at least, preventing a decrease of wages. This factor is significant in determining the union's wage criteria and is to be taken in conjunction with the economic factors prevalent in the plant or industry. The major criteria[9] used by unions and management in setting wage levels can be classified as: (i) measures of equity; (ii) measures of need; and (iii) measures of contribution. However, the most commonly used criteria are comparable wages, cost of living, the living wage, the ability to pay, productivity and purchasing power.[10] The living wage and purchasing power criteria are used only by unions as a justification for their demands. To the management, wages are a cost and to the worker (union) income. Some concerns for management would be in terms of saving by reducing workers or transferring resources for technological improvements. The workers (unions) will constantly compare themselves with others in the same field. These issues are usually examined in the context of the commonly used wage criteria referred to earlier.

Another area of significance is that of productivity bargaining. The concept of productivity bargaining has gained increasing attention in the Indian industrial relations system. In such agreements advantages such as higher wages or increased leisure are given to workers for accepting changes in established work practices and organization of work itself, thus reducing/eliminating waste and leading to more effective working.

Randle and Wortman[11] state: "Productivity usually refers to output in physical units per manhour of work. It is a measure of the relationship between the volume of goods produced and one factor of input—labour time." However, labour is only an input and there are several other variables such as "more efficient utilisation of fuel, more economical materials; technical improvements in machines; in organization and in processes; the skill and effort of the work force; the efficiency of management and the state of Labour Relations".[12] Increased productivity is usually reflected in increased ability to pay and therefore industries with high or increasing productivity are generally able to pay high wages. Data shows that historically productivity has been going up at the aggregate for the national level. Productivity data is computed both nationally and plant-wise. Manhour production over time is the basis for calculating the productivity, but as argued earlier Labour's contribution is difficult to isolate. This data therefore serves as the base for negotiations to move on, coupled with other arguments by unions, particularly in boom and normal periods.

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[7] U. S. Ruby, *Collective Bargaining: A Project Report*, Indian Institute of Management, Ahmedabad, 1983.

[8] W. C. Randle and M. S. Wortman (Jr.), *Collective Bargaining: Principles and Practices*, Boston, Houghton Mifflin, 1966.

[9] Ibid., p. 314.

[10] Op. cit.

[11] Randle, op. cit.

The engine plant of the Amalgamations group in Madras did resort to a productivity type bargain many years back. In the plantation industry, work norms are established for each type of activity. The emphasis here is on achievement of targets. If the worker is fast and does not take the full time for scheduled breaks and if he finishes his assigned task early, then he does not have to wait; he may leave the work spot. The emphasis here is not on time spent, but on output and quality. The Indian Railways have also established a productivity base, taking a base year as the norm and comparing subsequent years' performance with the base, to identify variations and establish the productivity achieved. In fact the Government of India tried hard to propagate the concept of productivity-linked bonus, to boost output and control inflation, especially at the time of payment during the festive season. (See also Chapter 5 on wages.)

In India, collective bargaining as one of the methods of wage fixation has been adopted in many industries. Most of the agreements are at the plant level, though some significant industry level agreements have also been concluded. The number of long-term agreements are also on the increase—in the range of two to five years. Since the Industrial Disputes Act 1947, which governs the relations between management and workers of Industrial establishments, does not provide for recognition of a trade union as a sole bargaining agent, collective bargaining has been more frequent in industries where there are majority unions.

Apart from dealing with issues relating to wage matters, collective agreements cover a wide range of aspects of employment from recruitment to retirement.

The scope of collective bargaining agreements now covers issues such as wages, bonus, overtime, paid holidays, paid sick leave, safety wear, production norms, hours of work, performance appraisal, workers' participation in management, hiring, fixing of job evaluation norms, and modern-

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[12] Randle, op. cit.

isation. Although the scope of collective bargaining is expanding, wages remain their main concern. This is shown by the survey, of collective agreements conducted by the EFI (Table 6.1 and 6.2) and also by the data provided by the labour bureau (Table 6.3) of the collective agreements reached. The EFI studies show that out of 109 agreements, 96 had to do with wages. The EFI survey conducted in 1963 drew the following conclusion regarding collective bargaining. "Plant-level bargaining is the common practice in manufacturing and commercial establishments whereas industry-wise bargaining occurs in plantation and textile industry.[13] The Labour Bureau data (though not complete) also shows the same trend, i.e. that wages and components relating to pay packet form a large percentage of the collective agreements reached in the central sphere.

TABLE 6.1 Areas Covered by Agreements Reported by EFI Survey 1963

	First	*Current*
No. of agreements	136	275
No. of units	117	162
	(%)	(%)
1. *Wages, DA & Bonus*		
Wages, salary scales	69	57
Revision of wages/workloads	1	8
DA	41	40
Bonus	49	37
Incentive wages/bonus	4	12
2. *Other Cash Allowances*		
Overtime (OT)	13	14
Acting officiating allowance	4	8
Shift allowance	4	11
Tiffin allowance	3	11
Travelling allowance	4	3
Duty allowance	3	4
Outstation allowance	1	3

Source: The Employers' Federation of India, *Collective Bargaining: A Survey of Practices and Procedures*, Monograph No. 8, Bombay, 1966, p. 75.

The International Labour Organization[14] in its comparative study of collective bargaining methods and practices in industrialised countries notes that in many of the countries the terms of employment settled across the table

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[13] The Employers Federation of India, *Collective Bargaining: A Survey of Practices and Procedures*, Monograph No. 8, Bombay, 1966.

[14] International Labour Office, *Collective Bargaining in Industrial Market Economies*, Geneva, 1974.

TABLE 6.2 Subjects Covered by the Collective Agreements of the EFI Survey 1969

Subject	No. of agreements
Wages	96
Dearness allowance (DA)	59
Tiffin allowance	20
Canteens	19
Retirement benefits	53
Bonus	50
Annual leave	40
Paid holidays	36
Casual leave	26
Job classification	26
Overtime (OT)	25
Incentives	23
Shift allowance	22
Acting allowance	22
Medical benefit	19
Grievance	14
Work study	13
Fresh supply of milk	13
Housing	12
Promotion	12
Rationalisation	11
Accident benefit	11
Permanency	10
Joint consultation	9
Sick leave	9

Source: The Employers' Federation of India, *Collective Agreements, Trends in the Sixties*, Monograph No. 15, Bombay, 1971, pp. 53–54.

set a pattern in industries, i.e. the new terms are incorporated informally. In other countries, the terms settled across the bargaining table received a legal sanction. For instance, in the USA and Canada, the law enforces that the union certified as the exclusive bargaining agent represent the interests of all employees in the bargaining unit, whether or not they are union members. Collective bargaining in most industrialised countries has gained acceptance to such a great extent that it is regarded as synonymous with, or as constituting, an essential part of the industrial relations system.

TABLE 6.3 Statement Indicating the Several Areas Covered by Collective Bargaining Agreements

Year	Wages/DA/ ADA/CDS	Bonus	Arrears	Overtime	Gratuity	Maternity benefits	HRA	CA	Housing	Health	Welfare	Hrs of work	Conveyance allowance	Leave	Liveries	Service matters	Others	Total
(Central sphere)																		
1977 (Jan.–Dec.)	50	43	26	4	4	1	5	—	8	7	22	4	10	27	18	201	147	344
1978 (Jan.–Dec.)	104	44	74	9	12	2	15	3	6	9	16	7	6	36	21	356	216	607
1979 (Jan.–Dec.)	86	44	18	9	7	3	7	3	6	14	14	5	5	37	17	353	198	550
1980 (Oct.–Dec.)	11	13	—	1	—	—	—	—	—	1	2	12	1	3	5	52	61	104
1981 (Jan.–Dec.)	135	98	7	4	—	3	18	—	—	11	18	—	25	42	23	193	363	558

Note: Total number shown in last column may not tally with figures given in other columns since one settlement may involve a number of issues.

Source: (for 1977–1979): *Indian Labour Journal*, Labour Bureau, Ministry of Labour, Government of India, Simla, **21**(2), Feb. 1980, p. 268; (for 1980): Ibid., **22**(2), Feb. 1981, p. 206; (for 1981): Ibid., **22**(5), May 1981, p. 689; **22**(8), Aug. 1981, p. 1174; **22**(11), Nov. 1981, p. 1665; **23**(2), Feb. 1982, p. 216.

Types of Collective Bargaining Contracts

The EFI study classified the contracts in India in three categories:

1. Bipartite agreements which are totally voluntary for purposes of implementation.
2. Bipartite settlements negotiated and settled primarily by the parties but registered before a conciliator in settlement.
3. In the case of consent awards, when the parties have a dispute pending before a tribunal, but yet negotiate a contract, which is recorded by the tribunal, the contracts so negotiated acquire legal status.

The Industrial Disputes Act requires the parties to register the agreement with the conciliation officer, if they want it to be binding on themselves. The involvement of the government labour machinery as a third party imposes greater restraint on the parties. Many managements and unions first arrive at a collective bargaining agreement and then ratify it in the presence of the conciliation officer, in view of the binding effects of the ID Act. In case of public utility services conciliation is compulsory.

Prerequisites for Collective Bargaining

1. Careful thought and selection of the negotiating team is imperative. The team should have a mixed composition, including production, finance and IR experts. It should be headed by a person, preferably a personnel and industrial relations specialist of sufficient seniority who has an adequate brief to commit the enterprise and take decisions, without frequent referrals to top management. For instance, many organizations have a vice-president personnel or director-personnel heading the team with a brief to commit the organization up to a certain amount which can be spread out depending on the negotiating situation based on union demands.
2. It is necessary for the management to recognise the union and to bargain in more good faith, in unionised situations. Unions as representatives of the workers' interest are a growing phenomenon. This also puts pressure on the union to formulate plans and demands in a systematic manner. Strong unions and progressive managements can help create an atmosphere of mutual confidence.
3. The necessity of having open minds, to listen and appreciate the others' concern and point of view and to have some flexibility in making adjustments to the demands made.
4. The need to study adequately or do 'homework' on the demands presented, i.e. to gather data on wages and welfare benefits in similar industries in the geographical area.
5. Both the management and the union should be able to identify grievances, safety and hygiene problems on a routine basis and take appropriate remedial steps.

6. Trade unions should encourage internal union democracy and have periodic consultations with the rank and file members.
7. Trade unions should equally be concerned with both quantity of work output as agreed upon and quality of work, both leading up to a consistent concern for the viability of the firm and its products/services.
8. Strikes/lockouts should be resorted to, in the ultimate analysis. Periodic discussions may be necessary between the management and the unions to interpret the provisions of the contract and clarify doubts.

Trends and Conclusions

The bipartite nature of collective bargaining helps the two parties involved—the management and the unions—to sit across the table and resolve matters of mutual interest about which they have detailed information and knowledge and therefore would be in the best position to discuss the issues and come to a meaningful settlement. Therefore when third party intervention is sought, there are bound to be compromises and adjustments, which may

TABLE 6.4 Statement Showing the Number of Collective Bargaining Agreements Registered (P)

Month	Year								
	1982	1981	1980	1979	1978	1977	1976	1975	1974
Jan.	73	102		87			65	31	
Feb.	66	91							
Mar.	69	60		71				36	
April	83	80		65				30	
May	63	70		52				58	
June	70	63		72			59	43	
July	65	93	116	86			66	88	
Aug.	51	72	111	77			120	84	86
Sept.	66	59	93	93			68	110	98
Oct.	98	64	94		For three months 61		80	76	51
Nov.	76	45	70					47	52
Dec.	39	78	58					85	56
Total	819	877	222	603	61		458	688	343

Source: Various issues of *Indian Labour Journal*, Published by Labour Bureau, Ministry of Labour, Government of India, Simla, Vol. Nos. 15, 16, 17, 21, 22, 23, 24 & 25 (Years 1974–1984).

(P) Provisional.

Information is received quarterly in the Bureau from the Central and State Industrial Relations Machinery in respect of settlements/agreements arrived at between various managements and their workmen represented by their unions through bipartite regulation as conciliation by the Central/State Industrial Relations Machinery.

not necessarily tackle the substantive issues but make for 'cake icing' type of adjustments.

We have seen the increasing trend towards greater appreciation and use of collective bargaining practices (Table 6.4). It has multiple applications besides settling the terms and conditions of employment. It also is a mechanism for the institutional resolution of conflict and a means for worker participation, through discussions and involvement in the managerial decision-making process. This is the goal towards which stabilised organizations, with a history of bipartite agreements are moving, more so in the developed countries.

Finally, collective bargaining requires a degree of maturity on the part of both the parties. It is a process that takes both time and skill, which have to be developed. But, above all, it has based on the assumption that reasonable men will want to reach an agreement, given time and the situational constraints and opportunities.

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CASE STUDY

BHEL, Bangalore—Personnel and Industrial Relations Take Over Issues

Sometime around the middle of 1976, BHEL, a giant public sector undertaking, took over two industrial units of the Government of Karnataka. The two units were REMCO, hereafter referred to as Control Equipment Division (CED) and Mysore Porcelains Limited now called Electroporcelains Division (EPD). These two units were located at the opposite ends of the same town. The issues connected with the take-over were viewed differently by the workers, unions and managements of the two units.

Pre-Takeover Situation—CED

Remco (CED) was started in the early forties for assembly of radios with the collaboration of General Electric of USA. Almost simultaneously the company diversified into manufacture of energy-meters with Japanese collaboration. In a matter of next 10 years, the company added a number of products like water-meters with Swiss collaboration, radio receivers with Japanese collaboration, and radio components like band-switches, electrolytic capacitors, loud-speakers with Birtish collaboration. Further, new products like cables, and television receivers were also added. The company was a pioneer in many of its products in the country. With a number of products in the production line and the volume low, the company started losing its image in the market. By the mid-sixties, the company started incur-

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ring losses and in the early seventies, losses increased to an annual figure of Rs. one crore against a sales turnover of Rs. 3.5 crores. When the company was experiencing staggering losses, an expansion project was taken up for increasing radio receivers' production which proved to be a complete failure.

The serious financial situation of the company affected all its operations. Finding funds for regular payment of wages also became a problem. There were serious lapses in the administration of social benefits like provident fund, gratuity, insurance, etc. The wage revision did not take place when due. The canteen facility deteriorated. The workers' morale flagged and undesirable practices like thefts, loitering, absenteeism increased. Taking advantage of the situation, some executives started small-scale industries in the names of their wives and became suppliers to the company.

During the process of its expansion, the company suffered frequent change of chief executives. The employee selection process was subject to local pressures from politicians and influential persons.

As the company left the good days behind, the trade union came to be led by Shri M. S. Krishnan of AITUC Central Committee who was also a state Legislative Assembly Member. He had under his stewardship a number of company unions and for quite some time, he was also a popular trade union leader. Shri Krishnan continued to be the President of Remco union from 1965 to 1979.

The union having seen the turbulent days of the company, was also eager for a takeover by BHEL. A number of energy-meter factories were getting closed. There were only four or five survivors in the industry and Remco was struggling for its existence. Some private industrial houses also tried to acquire this company. The State Government being a major shareholder, approached BHEL to consider the takeover of Remco. BHEL at that time was interested in expanding into an area of industrial electronics for which they had some nucleus facilities at their Bhopal plant. To give proper attention to this growing field, it was necessary for the BHEL to find a new premises. Remco which had a base in entertainment electronics with some effort could get into industrial electronics. BHEL utilised this opportunity to absorb Remco and extend its control equipment diversification activity to this new place.

Pre-Takeover Situation—EPD

The present Electroporcelains Division was started as early as 1932 and for nearly two decades functioned under the Department of Industries of the State Government. For the next 10 years this factory was known as Government Porcelain Factory and had its own organization. The senior executives were drawn from the State Industries Department. In the mid-sixties, the factory was converted into joint sector company under the name 'Mysore Porcelains Limited' (MPL).

The company was a pioneer in the insulator field in the country. The company also had the benefit of a collaboration for 20 years with the leading insulator manufacturers, viz. M/s NGK Insulators Ltd, of Japan. The collaborators also had financial participation in the company to the extent of 20%.

Over the years, the Company's product lines gradually grew. The Company was manufacturing porcelain insulators for suspension, station post, bushings and solid core variety for railway electrification. For the first quarter century, being the only manufacturer in the field, the company should have had a very happy financial performance. Contrary to this expectation, the company was just breaking even or was making negligible profits. As against this, Remco had a very profitable performance for about a decade. In the early seventies, with the steep hike in the oil prices and with its consistent lack of working funds MPL got into very serious financial situation.

The Company had a single union with an exclusive internal leadership with no political affiliation. However, there were group and caste affiliations. The education level of workers was very low. Almost 50% of them were totally illiterate. The average age of workers was over 40 years. The permanent workforce of the factory was 1,300 and the temporary workforce was around 300. The reaction of the union and a section of workers and executives was somewhat divided in the matter of change in the management of the Company. One group among the employees felt that its members will lose identity under the new management and resisted BHEL'S takeover. They approached the press and politicians to mobilise the public opinion against the State Government's proposal to hand over MPL to BHEL. However, the trade union was quite enthusiastic on BHEL's takeover.

The style of management of both the units was somewhat similar. The chief executives of both the companies were super-annuated civil servants whose term was getting extended for years but each time by a few months. The middle management had hardly any part in framing the policies of the Company. The salary levels remained low as compared to the many central industrial undertakings in the city.

The Takeover

Initially the two companies were treated as subsidiaries of BHEL. It was in 1980 that the Board of Directors of the two companies were dissolved and they became operating divisions of BHEL.

Once the takeover proposal was accepted, BHEL sent a team of officers to these companies. Addressing the executives of Remco and MPL along with the officers transferred from BHEL to these companies, the Chairman of BHEL said that the newly formed team should function as 'change agents' to bring in a new culture to the acquired units and at the same time to respect the feelings and aspirations of the employees. He also assured them that there would be no retrenchments due to takeover and that gradually all categories of employees would be integrated into the regular cadres of BHEL.

The team of managers of BHEL transferred to these two units had different roles to play.

1. At Remco, the unviable products with lower technology content were to be discarded and in their place, high technology industrial control equipment to be introduced with the technical collaboration of Siemens of West Germany and Brown Boveri Corporation of Switzerland. The technicians were to be trained to take up new products in short time as BHEL had already entered into collaboration agreements.
2. At EPD, the task was to improve the production yields, utilise the facilities to the optimum and introduce, with a new collaboration, products required for higher voltage applications.

The Personnel and Industrial Relations Strategy

In the next five years, there have been marked changes in manning these companies. There has been a large increase in the number of executives and supervisors. Table 1 gives the pre-takeover and the current manning data.

TABLE 1 Manning Table*

EPD		
	1976	1.4.82
Executives	43	93
Supervisors	87	170
Workmen	1438	1392
Total	1568	1655
CED		
	5.10.76	25.5.82
Workmen	1357	1843
Supervisors	73	225
Executives	68	273
Total	1498	2341

*Extract from Union-Management Agreement.

The expectations of the employees in both the companies were similar. They hoped for increased monetary and fringe benefits as BHEL had the image of providing better compensation to its workers. (In the very same town, at a later date, employees of other Central Government Public Sector Undertakings were seeking parity with BHEL wage rates.)

The existing wage scales and the post takeover changes can be seen in

Table 2. There were two significant agreements with the unions in 1977 and 1979 which changed the service conditions of the employees. With 1977 agreement, the initial increment from Rs. 40 at the lowest grade to Rs. 70 at the highest level was given and, at the same time, many fringe benefits were also extended. The welfare measures were revamped and the existing benefits like PF, Gratuity, Insurance were cleared and arrears paid up to date. The canteen was improved and better facilities were provided with a subsidy increase from Rs. 18,000 to Rs. 60,000 per month. In the first agreement, all the employees were brought into BHEL scales. In 1979 agreement, leave, medical facilities, promotion policies, group insurance

TABLE 2 Salary Grades*

As from 5-10-1976 the new salary grades will be as follows:

	Non-supervisory		
	Rs. 220-5-350 (Temporary)		
A-I	Rs. 260-5-350	A-IV	Rs. 340-8-364-9-490
A-II	Rs. 275-6-311-7-395	A-V	Rs. 390-10-540
A-III	Rs. 320-7-362-8-450	A-VI	Rs. 470-12-554-15-644
	Supervisory		
SA-I	Rs. 520-15-580-20-760		
SA-II	Rs. 610-20-710-25-910		
SA-III	Rs. 700-30-820-35-1,100		

3.01. The existing REMCO pay scales including Dearness Allowance will be replaced by the new salary grades shown above as per the following salary grade equation:

	Prevailing pay scales Rs. (1)	Equated new salary grade Rs. (2)	*Remarks* (The grade to which employees with eleven years of completed service as on 4-10-76 in the prevailing pay scale shown in column (1) as also the corresponding pre-revised scales from time to time) Rs. (3)
	Staff and workmen		
I	120-4-140-5-165-6-195	220-5-350 (Temporary) Refer 'A-A'	
II	140-6-170-205-8-245	275-6-311-7-395	320-7-362-8-450
III	175-8-215-9-260-10-310	320-7-362-8-450	340-8-364-9-490
IV	240-11-295-12-355-13-420	390-10-540	470-12-554-15-644
	Supervisors		
I	345-15-420-20-520-25-645	520-15-580-20-760	610-20-710-25-910
II	400-25-52-630-825	610-20-710-25-910	700-30-820-35-1100

*Extract from Union-Management Agreement.

were extended. (See Table 3 for a chronological listing of benefits extended to these units).

The objective of BHEL was to improve the productivity and profitability and also give a better deal to the workers. Table 4 gives the data regarding the production increase in EPD, on a sample basis. In CED, the sales turnover increased substantially (from Rs. 4 crores to Rs. 32 crores in 6 years).

In the management, importance was given to personnel and industrial relations. A Personnel Manager was appointed in both the units to look after this function who was to report to a common General Manager (Personnel and Administration). In order to bring parity between the three units with diverse background, this approach was necessary. The General Manager (P & A) was drawn from the parent organization of BHEL.

The company's personnel policy was to 'provide benefits through negotiations' and yet as a senior executive remarked 'we cannot give all this for their asking. We have to streamline and change the system—we might gain initial popularity but later will have problems when unpalatable changes are sought to be introduced' (Table 3). Through discussions with the unions shopfloor discipline was tightened. Controlling absenteeism and loitering in the shopfloor were some of the serious problems the management had to contend with. The Standing Orders of the company were not followed in observing discipline. The major decisions affecting the workforce were being taken with due negotiations with the majority-union. The union functions democratically with an elected executive and this election is through a secret ballot conducted by the officers of the company. The company also provided the 'check-off' facilities to collect the union subscriptions. Absorbing the working systems and acceptance of new management was smooth in CED. The executives and the work-force cooperated with the management throughout the period.

TABLE 3

MPL—EPD

Benefits Extended Since BHEL's Take Over on 4–10–1976.

		Year Effective from
1.	Rationalisation of pay scales benefits Rs. 40 to Rs. 70.	4–10–1976
2.	Medical expenses reimbursement for those not covered by the ESI scheme.	1976
3.	Retirement age increased from 55 years to 58 years.	1976
4.	D.A. linked to cost of living index—change over from State Government formula of fixed D.A.	1976
5.	Ex-gratia payment of Rs. 100 to each employee on the eve of BHEL takeover.	1977

6.	Vehicle advance—Rs. 5,000 for motor cycle/scooter, Rs. 2,000 for mopeds and Rs. 30,000 for cars.	1977
7.	Payment of salary on 1st of every month instead of 10th.	1977
8.	Introduction of contributory death relief fund scheme.	1977
9.	Payment of stitching charges for uniforms.	1978
10.	Introduction of plant-wide incentive scheme called plant performance payment—ranging from 3.5% to 10% of the wages.	1978
11.	Career based promotion policy—ensuring 6 promotions in a service career of about 30 years.	1978
12.	Leave entitlement (consisting of earned leave, sick leave and casual leave) from 22 days to a minimum of 42 days and a maximum of 52 days according to the length of service.	1979
13.	Writing-off of bonus advances paid in 1969–72—total amounting to Rs. 6,00,000.	1979
14.	Encashment of earned leave.	1979
15.	Festival advance amount increased—from Rs. 300 to Rs. 500 per year.	1979
16.	Wage settlement for the period from 1–9–1978 to 31–8–1982—benefits Rs. 90 to Rs. 180.	1980
17.	Standard date of annual increments—by advancing date to 25th June and 25th December.	1980
18.	Leave travel concession for employee and family—for home town or any other place upto 1500 k.m. each way—once in 2 years.	1980
19.	Group insurance scheme payment of Rs. 10,000 to Rs. 50,000 to the family of deceased employee.	1980
20.	House building advance upto Rs. 1,00,000—depending on repaying capacity.	1980
21.	Enhanced family planning incentives.	1980
22.	Washing allowances of Rs. 15 per month.	1981
23.	Issue of mementoes (i.e. HMT watches) for 10 years continuous service.	1981
24.	Wage settlement—1–9–1982 to 31–8–1986—Benefits Rs. 140 to Rs. 200.	1983
25.	Introduction of transport allowance of Rs. 12.50 per month.	1983
26.	A wall clock for every employee at the time of retirement.	1983

MPL—EPD

Introduction of New Controls and Systems and Withdrawal of Wasteful Practices Since 4–10–1976

1.	Special allowance for certain jobs like stenographers, welder, canteen supervisors etc. withdrawn.	1976
2.	Withdrawal of two sets of uniforms per year issued to ministerial and supervisory staff. In lieu an increment was granted to them in 1980.	1976
3.	Salary advance of Rs. 20 paid in the mid-month was stopped.	1976

(Contd.)

		Year
4.	Withdrawing the practice of supplying bun and milk for the III shift—payment of night shift allowance Rs. 1 per shift was introduced instead. (This has been enhanced to Rs. 2 from 1983.)	1977
5.	Supply of free bread and milk to those engaged in "hazardous" jobs was withdrawn and in its place Rs. 5 added as additional pay fixation benefits in the revised grades.	1977
6.	Inter-departmental transfers (which were restricted) were allowed to be carried for the better utilisation of human resources.	1977
7.	There were about 9 shifts—mostly overlapping. Reduced to 3 plus one general shift.	1977
8.	Nominal wage cut for late coming was changed to proportionate wage cut. Not admitted for work after one hour of the commencement of the shift.	1977
9.	Introduction of punching system for regulating attendance instead of token presentation system (The revised system enforced punctuality and helped to avoid proxy attendance).	1977
10.	Strict enforcement of the principle "No work no wages" in times of strikes and other forms of work stoppage.	1977
11.	Termination of service for unauthorised long absence after due counselling and warning.	1977
12.	Regulation of advances (like P.F., arrears etc.) once a month instead of daily payments.	1977
13.	National and festival holidays reduced from 14 to 12 days.	1978
14.	Festival advances were given thrice yearly—reduced to once a year.	1978
15.	Revision of wage month from 1st to 30th to 25th to 24th from the assumed attendance to actual attendance basis.	1980
16.	Cycle parking at the gates instead of at the shopfloor.	1980
17.	Improvement of canteen menu and revising the rates from 32 n.p. to 60 n.p.	1983
18.	Date of birth decided on medical examination by a panel where authentic records are not available.	1983

REMCO—CED

Benefits Extended Since BHEL's Take Over on 5-10-1976

1.	Rationalisation of pay scales benefits of Rs. 35 to Rs. 50.	1976
2.	D.A. linked to all India consumer price index at Rs. 1.30 per point—improvement from the earlier scheme of Re. 1 per point.	1976
3.	Ex-gratia payment of Rs. 100 to each employee on the eve of BHEL takeover.	1977
4.	Medical expenses reimbursement for those not covered by the ESI scheme.	1977
5.	Vehicle advance—Rs. 5,000 for motor cycle/scooter, Rs. 2,000 for mopeds and Rs. 30,000 for cars.	1977
6.	Introduction of contributory death relief fund scheme.	1978
7.	Payment of enhanced rate of stitching charges for uniforms.	1978

8.	Introduction of plant-wide incentive scheme called plant performance payment ranging from 3.5% to 10% of wages.	1978
9.	Rationalisation of leave entitlement (consisting of earned leave, sick leave and casual leave) from 28 days to a minimum of 42 days and a maximum of 52 days.	1978
10.	Encashment of earned leave.	1978
11.	Career based promotion policy–ensuring 6 promotions in a service career of about 30 years.	1979
12.	Payment of night shift allowance extending beyond mid-night—Rs. 1 per shift (enhanced to Rs. 2 from 1983).	1979
13.	Festival advance amount increased from Rs. 300 to Rs. 500 per year.	1979
14.	Wage settlement—benefits of Rs. 90 to Rs. 180 for the period from 1–9–78 to 31–8–82.	1980
15.	Introduction of leave travel concession for employee and family—for home town or any other place upto 1500 km each way—once in 2 years.	1980
16.	Standard date of annual increments—by advancing date to 25th June and 25th December.	1980
17.	Group insurance scheme payment of Rs. 10,000 to Rs. 50,000 to the family of deceased employee.	1980
18.	Grant of house building advance upto Rs. 1.00 lakh.	1980
19.	Enhanced family planning incentives—grant of increments etc.	1980
20.	Payment of washing allowance—Rs. 12 per month (enhanced to Rs. 15 from 1983).	1981
21.	Issue of mementoes (i.e. HMT watches) for 10 years continuous service.	1981
22.	Creation of a welfare fund i.e. for educational and medical assistance.	1982
23.	Wage settlement—1–9–82 to 31–8–86—benefits Rs. 140 to Rs. 200.	1983
24.	Introduction of transport allowance of Rs. 18.75 per month.	1983
25.	A wall clock for every employee at the time of retirement.	1983

REMCO—CED

Introduction of New Controls and Systems and Withdrawal of Wasteful Practices Since 5–10–1976

1.	Withdrawal of special allowance for certain jobs classified as "special" e.g. typing.	1977
2.	Withdrawal of the practice of supplying bun and milk for the shift employees.	1977
3.	Supply of free bread and milk to those engaged in "hazardous" jobs was withdrawn and in its place Rs. 7 added as additional benefit in the revised grades pay fixation.	1977
4.	Revised time keeping procedure—latecomers are not admitted for work after one hour of the commencement of the shift.	1977
5.	National and festival holidays reduced from 13 to 12 days.	1978

(*Contd.*)

6.	Withdrawal of two sets of uniforms per year issued to ministerial and supervisory staff, in lieu an increment was granted to them.	1979
7.	Enhanced working hours from 461/2 hours to 48 hours per week.	1979
8.	Standard date of retirement, i.e. 24th of the month.	1980
9.	Revision of wage month from 1st to 30th to 25th to 24th from the assumed attendance to actual attendance basis.	1980
10.	Withdrawal of sale of canteen coupons on credit.	1981
11.	Improvement of canteen menu and revising the rates from 0.25 p. to 0.60 p. for thali meals.	1983

In EPD, there was some discord. A few executives opposed, and with them there was a group of employees who were not quite enthusiastic about BHEL's takeover. The Chief Executive who opposed the merger was offered a post in another unit of BHEL, which was not acceptable to him and finally he left the Company. Anticipating the takeover by BHEL, over 200 casual workers were inducted in about six months time. BHEL had to terminate some of these hastily recruited casual employees by a careful selection.

Industrial Relations in EPD after Takeover

As BHEL assumed the management, one group of employees were very enthusiastic with the process of takeover with the expectations of better working conditions and at the same time, there was a small group which was afraid of losing its importance in the new management. Within a year of takeover and hardly three months after the first agreement, there was a change in the union leadership. An outside leader, Mr. Michael Fernandes, who was for a long time the President of Indian Telephone Industries Employees Association, was approached to be their leader. Hardly within a few months of his assuming leadership, while he was away at Delhi attending the BHEL Joint Committee meeting, a splinter group ousted him and in his place, Dr. M. D. Nataraj who claimed his leadership in INTUC was chosen as their President. Under the new leadership, a group of internal leaders were established. They were militant and created a series of problems during 1977–80.

The management faced the first strike in June 1977 in the foundry section consisting of about 200 workers. A committee member of the Union representing foundry employees demanded that the safety shoes be issued immediately in spite of an understanding reached on the issue with the Union. With only a week to go for the agreed date of issue of safety shoes, this committee member organized a strike in the foundry. The management declared the strike illegal being a breach of an agreement and transferred the committee member to another section. The strike fizzled out.

A Turbulent Phase

The leadership of Mr. Michael Fernandes lasted for about six months.

Although during his tenure, the industrial relations appeared smooth, there was a group of employees in the union who were all the time looking for an opportunity to establish their control. They demanded the introduction of 'Sunday-off', when Mr. Michael Fernandes was away at Delhi for BHEL Joint Committee meeting. The same group came to the factory on Monday which was their 'off-day'. When not permitted to enter, they organized and struck work and sought the intervention of Dr. M. D. Nataraj, who was a member of the State Legislative Council. He demanded immediate negotiations. The management explained that in the absence of the recognised leaders, it was not proper to discuss the issues. However, when there were threats of violence, the factory had to be locked out for the first time in its long history. The lockout lasted for 4 days. In the meantime, there was a tussle for leadership between Mr. Michael Fernandes and Dr. M. D. Nataraj. Dr. Nataraj forced his leadership with the help of the splinter group. Later they found a new leadership in Shri Hanumanthu, an employee, who was the President of Supervisory Association. The issues of lockout were settled with the intervention of Labour Commissioner.

Under the new leadership, there was a constant friction in the daily affairs of the company. Disputes were raised in the canteen facility, shift postings, transfers from section to section, etc. During Shri Hanumanthu's leadership, intimidation and work stoppages became a frequent occurrence. He even intimidated his fellow workers to force his leadership on them. The management's frequent appeals to their President to restrain the extreme activities of the members were of no avail. Within six months of the first lock-out, complained about the quality of food served in the canteen, Shri Hanumanthu, organized a day long work stoppage, intimidation and 'gherao' of senior officers till late in the night. This resulted in the second lock-out which lasted for 11 days. The matter was then discussed in the office of the Labour Commissioner and a settlement was arrived at with the stipulation that no wages will be paid for the period of lock-out. By this time, Shri Hanumanthu established himself as a complete leader and even his mentor Dr. M. D. Nataraj lost control over his activities. In the next union election, Shri Hanumanthu emerged as an undisputed leader. His activities became a constant irritant to the management. They felt that they were losing control over the organization because of his interference in the day to day working and production activities. In spite of the management's frequent advices to him and counselling through the President, he did not improve. The management then terminated his services. Immediately he organized a strike which lasted for three days. On his dismissal, he forced the resignation of Dr. M. D. Nataraj from the union and formed a separate group. At the same time, another group in the union approached Shri F. M. Khan, M. P., to be the President of Government Porcelain Factory Employees Association (GPFEA) and later, Shri Hanumanthu also joined him. For some time there were two groups under the common leadership of Shri Khan claiming to be the office bearers of GPFEA. The pending court case was withdrawn when Shri Khan settled the issue in a compromise forming a new set of office bearers drawn from both the groups. Under this leadership, the union has been functioning for the past two years. Shri Hanumanthu was subsequently reemployed in another unit of BHEL in the city.

During the past two years, with the departure of Shri Hanumanthu, the industrial relations has markedly improved and the productivity of the company has considerably increased registering in a record, production of profits to the company. For the first time, the unit also declared the maximum profit-sharing bonus of 20%.

Industrial Relations in CED after the Takeover

Shri M. S. Krishnan was the Union President from 1965 to 1979 which included the takeover period. During the period 1976–79, he staged one minor strike. In 1979 he was replaced by Mr. Michael Fernandes, MLA, a socialist, as union president. Earlier, for a few months he was the President of GPFEA. He is the President of the recognised union namely, BHEL Employees Association. Mr. Krishnan is now trying to stage a come back through a group within the plant. His union is the REMCO-BHEL Employees Union.

Industrial relations has been fairly smooth in this unit in spite of two unions led by experienced trade union leaders.

The working conditions and employee-benefits were gradually streamlined to bring on par with BHEL. Agreements were made with the Union at the same time as in EPD. The working hours in the unit were increased from 46½ hours to 48 hours per week, linking it to an agreement for better leave dispensation to the employees (see Table 4).

TABLE 4 Working Hours*

In the Memorandum of Settlement of 7th March 1977 between the Management of Remco and Remco Ltd. Employees Association, it was agreed vide clause 16 that all employees of Remco will work 48 hours a week.† In pursuance of this, the following shifts and working hours are agreed to with effect from 2nd April 1979.

	Existing	*Proposed*
I shift	6.15 am to 2.30 pm	6.00 am to 2.30 pm
General shift	7.30 am to 4.30 pm	7.30 am to 4.30 pm
On Saturday (Genl Shift)	7.30 am to 11.30 am	7.30 am to 12.30 pm
II shift	2.30 pm to 10.45 pm	2.15 pm to 10.45 pm
III shift	10.45 pm to 6.15 am (next day)	10.30 pm to 6.00 am (next day)

(*with a lunch break of*‡ *thirty minutes*)

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*Extract from Union-Management Agreement.

†The proposal of the Management for 6 days working week will be discussed later.

‡The existing lunch timings will continue.

TABLE 5

REMCO—CED

Position before 5.10.1976		On 5.10.1976		1978–79		1982	
Unskilled workers Rs. 120–4–140–5–165–6–195		Unskilled workers A–I Rs. 269–5–350		Unskilled workers Rs. 335–8–455		Unskilled workers Rs. 335–8–455	
Basic pay	136.00	Basic pay	260.00	Basic pay	335.00	Basic pay	335.00
DA	53.00	DA	121.70	DA	165.00	DA	334.00
ADA	40.00	HRA	26.00	HRA	39.00	HRA	39.00
VDA	124.00	CCA	15.60	CCA	15.60	CCA	15.60
HRA	16.00						
	Rs. 369.00		Rs. 423.30		Rs. 554.60		Rs. 723.60
		HRA 10% CCA 6%		HRA 15% CCA 6%		HRA 15% on pre-revised basic pay CCA 6% -do- (4.10.76)	
Semiskilled workers Rs. 140–6–170–7–205–8–245		Semiskilled workers Rs. 320–7–362–8–450		Semiskilled workers Rs. 395–10–455–12–587		Semiskilled workers Rs. 395–10–455–12–587	
Basic pay	269.00	Basic pay	378.00	Basic pay	395.00	Basic pay	395.00
DA	64.00	DA	121.70	DA	165.70	DA	334.00
ADA	40.00	HRA	37.80	HRA	59.29	HRA	59.29
VDA	124.00	CCA	22.68	CCA	23.70	CCA	23.70
HRA	19.00						
Other allowances	7.00						
	Rs. 523.00		Rs. 560.18		Rs. 643.69		Rs. 811.99

(*Contd.*)

Position before 5.10.1976		On 5.10.1976		1978–79		1982	
Supervisors		Supervisors		Supervisors		Supervisors	
Rs. 240–11–295–12–355–13–420		Rs. 520–15–580–20–760		Rs. 580–21–622–25–947		Rs. 580–21–622–25–947	
Basic pay	368.00	Basic pay	520.00	Basic pay	580.00	Basic pay	580.00
DA	110.00	DA	121.70	DA	207.00	DA	365.00
ADA	40.00	HRA	78.00	HRA	87.00	HRA	87.00
VDA	124.00	CCA	31.20	CCA	34.00	CCA	34.00
HRA	33.00						
Other allowances	7.00						
	Rs. 682.00		Rs. 750.90		Rs. 909.50		Rs. 1066.00

	Before 5.10.76	On 5.10.76	1977	1979		1982
1. Leave:	EL 14 days SL 7 days SL 7 days	CL 7 days EL 20 days SL 10 days Not covered under ESI	EL 20 days CL 7 days SL 10 days for those not covered under ESI	EL:		
				Accumulation limit	120 days	
				Up to 5 years	22 days	
				Above 5 years and below 10 years	24 days	
				Above 10 years below 15 years	26 days	
				Above 15 years below 20 years	28 days	
				Above 20 years	30 days	
				CL:		
				Up to 10 years	10 days	
				Above 10 years	12 days	
				SL 10 days—for those not covered under ESI.		

2. Encashment of leave: Accumulation of EL limit 45 days			Encashment of leave 75% of the EL once in a year. 120 days	
3. National and festival holidays: 10 days in the year	Same	12 days in a calendar year	12 days in a calendar year	
4. PF: 8%	8%	8%	8%	8.33%
5. Gratuity: As per Gratuity Act, 15 days wages for each completed year of service, calculation 30 days	Same	Same	Same	Calculation of gratuity based on 26 days from 1980
6. Death relief fund: Re. 1.00 was deducted from all the employees whenever death of a member occurs and the amount so collected was being paid to the bereaved family	Same	Same	Common Death Relief Scheme for Bangalore-based units of BHEL introduced from January 1978. All employees will contribute Rs. 2 towards DRF when any member dies while in service	Same
7. Bonus as per the provisions of Bonus Act, 1965	Same (Minimum bonus)	Minimum bonus	Minimum bonus	
8. Plant performance payment: This scheme was not there before 5.10.76	No scheme	Plant Performance Payment Scheme introduced during 1977–78, payment was made at the rate of 4.67% of pay + DA for the year 1977–78	4.67% of basic pay + DA for 1978–79	For 1982 9.4% of basic pay + DA
9. Retirement age: 58 yrs	58 yrs	58 yrs	58 yrs	58 yrs

(*Contd.*)

Before 5.10.76	On 5.10.76	1977	1979	1982
10. Cycle advance: Rs. 300 once in 5 yrs interest 10%	Rs. 300 once in 5 yrs. interest 10%	Rs. 450 once in 5 yrs. interest 6.5%	Rs. 450 once in 5 yrs. interest 6.5%	Rs. 450 once in 5 yrs. interest 6.5%
11. Festival advance: Rs. 300 once in a calender year	Rs. 300	Rs. 300	Rs. 300	Rs. 500 once in a calendar year
12. Scooter advance: Bank guarantee was being given for those employees who intend to avail loan for this purpose through the bank	Same	Rs. 4,000 scooter advance Rs. 2,000 for mopeds Recovery—50 instalments	Same	Rs. 5,000 for scooter, Rs. 2,000 for moped, 60 instalments
13. Promotion policy: There is a separate scheme, i.e. vacancy-oriented	Same	Same	Time-bound promotion policy—revised as per settlement dated 14.3.1979	Same
14. Uniforms: 3 pairs for 2 years	2 yrs—4 pairs of uniforms Every year—1 pair of shoes	No change	No change—Socks for gents and sandals for ladies every year	Same
15. Milk and bread: 2 slices of bread, 1 cup of milk for all people doing hazardous jobs in any shift. For night shift all employees were given two slices of bread and milk.	Only II and III shift employees were given bread and milk, for hazardous jobs. In I and genl. shifts no free bread and milk. This is compensated by giving Rs. 7 pm	Same	Same	Same
16. Medical: Employees who were drawing less than Rs. 1,000 were covered under the ESI scheme. No medical facility was available for those who were not covered under the ESI	Same	Medical reimbursement facility has been extended in respect of those who are not covered under the ESI scheme	Continued	Continued

17. Working hours:				
I shift 6.15 am to 2.30 pm	No change	No change	6.00 am to 2.30 pm	No change
General shift 7.30 am to 4.30 pm			7.30 am to 4.36 pm	
On Saturdays 7.30 am 11.30 am (General shift)			7.30 am to 12.30 pm	
II shift 2.30 pm to 10.45 pm			2.15 pm to 10.45 pm	
III shift 10.45 pm to 6.15 am (next day)			10.30 pm to 6.00 am (next day)	
(with a lunch break of 30 min.)			(with a lunch break of 30 min.)	
18. Family planning scheme:				
None	No	Scheme introduced during 1977. According to this scheme, employees or their spouses who adopt family planning operations will be given special casual leave for 7 days and cash incentive of Rs. 125. In addition, one special increment will be given if an employee is in the reproductive age and does not have more than three children	Continued	Continued
19. HBA loan:				
None	No	No	All employees on regular rolls are eligible for this advance. This is granted for the purpose of construction of a house or for acquisition of a house. Under this scheme, advance will be granted to the extent of 75 months pay plus DA subject to a maximum of Rs. one	Continued

(*Contd.*)

Before 5.10.76	On 5.10.76	1977	1979	1982
			lakh. Government rate of interest will be levied. Loan will be recovered in full before superannuation of the employee within a period not exceeding 25 years.	
20. Group insurance scheme:				
None	No	No	No	Group insurance Scheme came into effect from May 1980. All the employees are covered under the scheme. If any employee dies while in service, his family will get benefit from Rs. 10,000 to Rs. 20,000
21. Leave travel concession:				
None	No	No	No	LTC Scheme came into effect from December 1980. Under this scheme the employee and his family can go to his home town every year and to other places once in a block of two years. Employees drawing above Rs. 500 as basic pay are eligible for I class railway fare and the others are eligible for II Class—1,500 km each way for single block and for clubbed block 3,000 km each way. The employee is entitled to claim full reimbursement of actual cost of travel under the scheme.

MPL/EPD

Position before 4.10.76		On 4.10.76		1977		1979		Jan. 1982	
Unskilled workers		Unskilled workers		Unskilled workers		Unskilled workers		Unskilled workers	
60–4–80–5–100–6–160(D)		A–1 260–5–350		Same as was on 4.10.76.		335–8–455		Same as was in 1979	
Basic Pay	60.00	Basic Pay	260.00			Basic Pay	335.00	Basic Pay	335.00
DA	100.00	DA	121.70			DA	165.00	DA	334.00
Addl. DA	56.00	HRA	26.00			HRA	39.00	HRA	39.00
HRA (Min)	20.00	CCA	15.60			CCA	15.60	CCA	15.60
CCA 5%	8.00								
	Rs. 214.00		Rs. 423.30				Rs. 554.60		Rs. 723.60
HRA 10%, CCA 5% Pay+DA		HRA 10%, CCA 4%				HRA 15%, CCA 6%			
Semiskilled		Semiskilled		Semiskilled		Semiskilled		Semiskilled	
90–5–100–6–130–8–178–12–250 (B Gr)		A–5 390–10–540		Same as was in 1976.		A–5 460–15–685		Same as was in 1979	
Basic Pay	90.00	Basic Pay	390.00			Basic Pay	460.00	Basic Pay	460.00
DA	112.00	DA	121.70			DA	165.00	DA	334.00
Addl. DA	63.00	HRA	39.00			HRA	58.50	HRA	58.50
HRA 10%	20.20	CCA	23.40			CCA	23.40	CCA	23.40
CCA 5%	10.10								
	Rs. 295.30		Rs. 574.10				Rs. 706.90		Rs. 875.90

(Contd.)

Position Before 4.10.76	On 4 10.76	1977	1979	Jan. 1982
100–6–130–8–178–12–274 (B Spl) Basic Pay 100.00 DA 112.00 Addl. DA 70.00 HRA 10% 21.20 CCA 5% 10.60 Rs. 313.80 HRA 10% CCA 6%			HRA 15% on pre-revised CCA 6% on pre-revised (4.10.76)	
Supervisors I. 250–15–280–20–360–25–460 II. 250–15–310–20–450–23–519 Basic Pay 250.00 DA 196.00 Addl. DA 106.00 HRA 10% 44.60 CCA 5% 22.30 Rs. 618.90	Supervisors 610–20–710–25–910 Basic pay 610.00 DA 121.70 HRA 61.00 CCA 36.60 Rs. 879.30 HRA 10%, CCA 6%	Supervisors Same as was in 1976	Supervisors 665–27–719–30–1049 Basic Pay 665.00 DA 196.00 HRA 91.50 CCA 36.60 Rs. 989.10 HRA 15% on pre-revised CCA 6% on pre-revised (Base 4.10.76)	Supervisors Same as was in 1979 Basic Pay 665.00 DA 365.00 HRA 91.50 CCA 36.60 Rs. 1158.10

1. Leave:			EL:	
EL 15 days CL 7 days	EL 15 days CL 7 days·	EL 20 days CL 7 days SL 10 days for those not covered under ESI	Accumulation limit 120 days Up to 5 years 22 days Above 5 years and below 10 years 24 days Above 10 years and below 15 years 26 days Above 15 years and below 20 years 28 days Above 20 years 30 days CL: Up to 20 years 10 days Above 20 years 12 days SL 10 days—For those not covered under ESI	
2. Encashment of leave:				
Accumulation of EL over 60 days	—	—	Encashment of leave 75% of the EL once in an acadamic year	
3. National and festival holidays:				
10 days in the year	Same	12 days in a calendar year	12 days in a calendar year	
4. PF:				
8%	8%	8%	8%	8.33%
5. Gratuity:				
As per gratuity Act 15 days wages for each completed year of service, calculation 30 days	Same	Same	Same	Calculation of gratuity based on 26 days from 1980

(*Contd.*)

Position before 4.10.76	On 4.10.76	1977	1979	Jan. 1982
6. Death relief fund:				
Re. 1.00 was deducted from all the employees whenever death of a member occurs and the amount so collected was paid to the bereaved family	Same	Same	Common Death Relief Scheme for Bangalore based units of BHEL introduced from January 1978. All employees will contribute Rs. 2 towards DRF when any member dies while in service	Same
7. Bonus:				
As per the provisions of Bonus Act 1965	Same (Minimum bonus)	Minimum bonus	Minimum bonus	
8. Plant performance payment:				
This scheme was not there before 4.10.76	No scheme	Plant performance payment scheme introduced during 1977–78. Payment was made at the rate of 4.67% of pay+DA for the year 1977–78	4.67% of basic pay+DA for 1978–79	For 1981–82 9.4% basic pay+DA
9. Retirement age:				
55 yrs.	55 yrs	58 yrs.	58 yrs	58 yrs
10. Cycle advance:				
Rs. 300 once in 5 yrs interest 10%	Rs. 300 once in 5 yrs interest 10%	Rs. 450 once in 5 yrs interest 6.5%	Rs. 450 once in 5 yrs interest 6.5%	Rs. 450 once in 5 yrs interest 6.5%
11. Festival advance:				
Rs. 350 once in a calendar year	Rs. 350	Rs. 350	Rs. 350	Rs. 500 once in a calendar year

12. Scooter advance:				
Bank guarantee was being given for those employees who intend to avail loan for this purpose through bank	Same	Rs. 4,000—scooter advance Rs. 2,000—for mopeds Recovery 50—instalments	Same	Rs. 5,000 for scooter, Rs. 2,000 for mopeds, in 60 instalments
13. Promotion policy :				
No scheme	No	No	Promotion policy as per BHEL practice for non-executive staff introduced from 1980	
14. Uniforms:				
Two pairs of khaki uniforms along with a pair of shoes were being provided once a year	Same	Protective clothing and safety shoes. Four pairs once in two years	Same	Same
15. Milk:				
Twice a day. ¼ litre each time for those employees where work involves much heat and dust. Bread and milk was being given to the night shift employees	Same	In lieu of milk Rs. 5 was added to the employees' salary who were getting milk. Night shift allowance at Re. 1 per employee per day has been sanctioned	Same	Same
16. Medical:				
Employees who were drawing less than Rs. 1000 were covered under the ESI scheme. No medical facility was available for those who are not covered under the ESI	Same	Medical reimbursement facility has been extended in respect of those who are not covered under the ESI Scheme	Continued	Continued

(Contd.)

Position before 4.10.76	On 4.10.76	1977	1979	Jan. 1982
17. Nehru memorial welfare fund: This was created with a view to help the employees in getting good education to their children. All employees contributed Rs. 150 towards this fund, at Re. 1 per month	High school books are provided to the employees' children. College fee is reimbursed to the children of the employees	Continued	Continued	Continued
18. Family planning scheme No	No	Scheme introduced during 1977. According to this scheme, employees or their spouses who adopt family planning operations will be given special casual leave for 7 days and cash incentive Rs. 305. In addition one special increment will be given if an employee is in the reproductive age and if he does not have more than 3 children	Continued	Continued
19. HBA loan: No	No	No	All employees on regular rolls are eligible for this advance. This is granted for the purposes of construction of a house for acquisition of a house. Under this scheme, advance will be granted to the extent of 75 months pay plus DA subject to a maximum of Rs. one lakh. Government rate of interest will be levied. Loan will be recovered in full before superannuation of the employee within the period not exceeding 25 years	Continued

20. Group insurance scheme:				
No	No	No	No	GI Scheme came into effect from May 1980. All the employces are covered under the scheme. If any employee dies while in service, his family will get benefit from Rs.10,000 to Rs. 20,000
21. Leave travel concession:				
No	No	No	No	LTC Scheme came into effect from Dec. 1980. Under this scheme employee and his family can go to his home town every year and to other places once in a block of two yrs. Employees drawing above Rs. 500 basic pay are eligible for I class railway fare and the others are eligible for II class—1,500km each way for single block and for clubbed block 3,000 km each way. The employee is entitled to claim full reimbursement of actual cost of travel under the scheme

TABLE 6 Production and Turnover Data*

	1980–81		1979–80	
	Tonnes	Lakhs	Tonnes	Lakhs
April	422	53	338	79
May	520	59	632	64
June	525	67	713	71
July	582	83	767	86
August	557	76	790	83
September	779	104	602	72
October	841	111	387	46
November	925	113	561	69
December	945	118	617	84
January	890	111	651	84
February	860	141	567	81
March	994	163	676	92

*Extract from Union-Management Agreement

Conclusion

The case-writer asked one of the union executive members what benefits the workers had derived after the BHEL takeover. He listed the following:

1. Better wages;
2. Profit-sharing bonus;
3. Plant performance bonus;
4. Better leave facilities;
5. Introduction of LTC scheme;
6. Improvement of canteen facilities;
7. Introduction of check-off and secret ballot systems.

He would however like to see enhancement of wages, and other fringe benefits, full leave provisions, better promotional opportunities and recognition of a second union also.

7

Employee Grievances*

In their working lives, employees occasionally have cause to be uncomfortable, disappointed or aggrieved either about certain managerial decisions, practices or service conditions. The question then is whether this particular symptom or feeling is given any attention or is ignored altogether. What are the pros and cons of each of the approaches. To a large extent, the approach will be governed by several variables such as the style of management, size of the enterprise, level of education of the workforce, technology of the plant and the extent of unionization of the workforce.

In the present-day social context, especially in democratic systems, it is accepted that employees should be able to express their dissatisfaction, whether it be a minor irritation, a serious problem, or a difference of opinion with the supervisor over terms and conditions of employment. In respect of the latter, it could stem either from the interpretation of the contract, or in the absence of a negotiated collective contract between management and union.

In India, the government has been making a plea for grievance machinery at the plant level ever since 1956–58 when the standing committee of the Indian Labour Conference submitted a draft on the various aspects of a grievance procedure. The National Commission of Labour set up by the Government as a tripartite body in 1969 also spelt out the nature of grievance and a model grievance procedure. However, this remains a recommendation and is not a statute yet. In effect, government machinery can only recommend but it is up to the respective managements of each enterprise to formally adopt, or reject, the grievance procedure. It must be noted,

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*Taken from A. Monappa and M. S. Saiyadain, *Personnel Management*, Tata McGraw-Hill, 1979.

though, that there are very many instances in India today where the corporate management and union, through the collective bargaining process, have adopted a grievance procedure.

The grievance procedure is one of the more important means available for employees to express their dissatisfaction. It is also a means available to management to keep a check on relevant diagnostic data on the state of the organization's health. There are other means also for this, such as decline in production/output (other things being equal), change in an individual's work habits and approach to the job itself. Statistical indices taken together and analysed to determine a pattern could also be revealing—indices such as absenteeism rates, accident data, requests for transfer, number of disciplinary cases and separations or quits. Besides, there are some employees who by nature are not forthcoming and hence may not like to avail of the grievance machinery, in such cases these indices have an added justification. Nevertheless, rather than wait only for the grievance mechanism to indicate the state of the organization's health, the management could use the above indices in conjunction with the grievance procedure to anticipate problem areas and take corrective action, or introduce new policies, as the situation may demand.

Whether this channel of upward communication will, in the first instance, be implemented will depend on the management's approach, the extent of unionization, and the union's strength in each particular plant.

Approaches to the Grievance Machinery

Various approaches have been documented reflecting the attitude of management and employees to the grievance machinery. Management could take a legalistic view and follow the negotiated contract, or it need not have a contract but have a grievance machinery oriented towards a human relations approach to its workers. Or, alternatively, management could, with or without a contract, have an open-door policy. We shall now examine some of these approaches.

The labour contract approach is a wholly legalistic approach. The management and the worker, categories covered by the contract, follow the provisions therein. Grievances are those defined by the contract, and the process for dealing with the grievance is clear to all concerned and specified with the time span for each stage. The provisions and the interpretations thereon of the contract are of paramount importance, more than concern for specific exceptions depending on the circumstances of the case.

On the other hand, the human relations school is the antithesis of the legal contract school. The employee and his specific problem is the major concern. The concern is for understanding and doing something to help overcome the individual's problem, the fundamental assumption being that individuals are more important than production targets. It is quite likely that understanding their needs and grievances will help in attaining production targets, but primarily individuals are the end rather than a means to the end.

Obviously, these are two extreme situations; many organizations have practices somewhere inbetween. It is possible to envisage a contract with a human relations approach. In fact, in the final analysis, it amounts to the "spirit" in which the grievance procedure is implemented in an organization involving both managerial and worker attitudes. For it is possible also to have a formal grievance procedure and yet show no enthusiasm or concern, merely treating grievances mechanically. Much depends on the state of mind of the individual, his anxieties, fears and tensions, and unless these are given due attention they will affect the particular task assigned to the individual. Moreover, enthusiasm and involvement with the job and the firm will be lacking.

In an organization where human relationships are involved there are likely to be instances when employees feel that they are not treated properly, that conditions of employment are not those stated or promised, that the work environment is not conducive, that promotion policy is unfair and so on. When human beings work together there is a likelihood of friction and misunderstanding. Some of these areas of friction could lead to unhappiness or dissatisfaction among workers. This dissatisfaction is very often manifested in such behaviour as sullenness, moodiness, worry, lack of cooperation, insubordination, decrease in output, deterioration in quality of work, and absenteeism. If the dissatisfaction of the employees goes unattended or the conditions causing it are not corrected, the irritation is likely to increase and lead to unfavourable attitudes towards the management and unhealthy relations in the organization. It is, therefore, essential for the management to allow individual employees to express dissatisfaction concerning their jobs or working conditions to an immediate superior. These manifestations of workers dissensions against working conditions, terms of service, leave and holidays and management decisions are commonly referred to as grievances.

The formal mechanism for dealing with such workers' dissatisfaction is called the grievance procedure. It is generally a formal system of several steps through which an affected employee can take his grievance to successively higher levels of management for redressal.

Nature of Grievance

A grievance may be submitted by a worker, or several workers, in respect of any measure or situation which directly affects, or is likely to affect, the conditions of employment of one or several workers in the organization. Where a grievance is transformed into a general claim—either by the union or by a large number of workers—it falls outside the grievance procedure and normally comes under the purview of collective bargaining.

From a study conducted by Chandra[1] the following areas were causes of employee grievances:

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[1] S. Chandra: *Grievance Procedure: A Survey of Practices in Industries in India*, Hyderabad: Administrative Staff College of India, 1968.

1. Promotions
2. Amenities
3. Continuity of service
4. Compensation
5. Disciplinary action
6. Fines
7. Increments
8. Leave
9. Medical benefits
10. Nature of job
11. Payment
12. Acting promotion
13. Recovery of dues
14. Safety appliances
15. Superannuation
16. Supersession
17. Transfer
18. Victimization
19. Condition of work

The International Labour Organization (ILO) classifies a grievance as a complaint of one or more workers with respect to wages and allowances, conditions of work and interpretations of service stipulations, covering such areas as overtime, leave, transfer, promotion, seniority, job assignment and termination of service. The National Commission of Labour states that "complaints affecting one or more individual workers in respect of their wage payments, overtime, leave, transfer, promotion, seniority, work assignment, and discharges would constitute grievances."[2] A point to be noted is that where the issue is of a wider or general nature, or of general applicability, then it will be outside the purview of the grievance machinery. Chandra found that policy issues relating to hours of work, incentives, wages, DA, and bonus are beyond the scope of the grievance procedure—they fall under the purview of collective bargaining.

A grievance has a narrower perspective; it is concerned with the interpretation of a contract or award as applied to an individual or a few employees.

Causes of Grievances

Overt manifestation of a grievance by an employee taking recourse to the formal procedure may not in all cases solve the real problem. It is true that in many cases the grievance could be taken care of through the grievance process, but there are instances and occasions when a much deeper analysis of the systems, procedures, practices and personalities in the organization need to be examined for the possible causal relationship between them and the grievance. It is well known that the formally stated grievance is not always the real grievance. There may be a hidden reason, such as a problem supervisor, for instance, or an individual may have difficulty in relating to a work group with a totally different value system.

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[2] *Report of the National Commission of Labour*, 1969, Government of India, Ministry of Labour, Employment and Rehabilitation, New Delhi.

The factors contributing to the grievance should be properly studied and analysed to ensure that in fact the expressed grievance represents the problem stated and not any other problem. The factors commonly found to contribute to employee grievances are: management practices, union practices and personality traits.[3]

Management Practices

The style of management followed, be it autocratic at one end of the scale or totally participative at the other, would need to be related to the socio-cultural orientation of the workforce. For instance, the workforce may be composed of highly educated people who may dislike an autocratic style. In the present day context, the participative style is more favoured. Thus, styles and practices would need to be adapted to the particular situational context.

Many researchers have pointed out the social distance between management and workers, their class and cultural orientations being widely different. The manager's attitude to the average worker, as someone who is on a much lower social scale, is based upon this. The usual Indian pattern is one of deference from the worker to the manager. In such a case, the grievance machinery would not work in the manner it is intended to as worker grievances would not be forthcoming.

Much also depends on the implementation of personnel policies—if the implementation falls short of the intended policy then the resultant gap could give rise to grievances. Related to this is ambiguities in personnel policies which may lead to grievances. It is often found that there are several instances when personnel matters are not clearly defined or clarified with the result that decisions taken thereon result in grievances. Matters such as employee compensation, seniority, overtime and assignment of personnel to shifts are illustrations of ambiguities leading to grievances. Such ambiguity may be due to a lack of policy, or faulty implementation, thus creating distortions which may not be justifiable.

Poor communication between management and its employees is another cause of grievance. Often it turns out that what appears to be trivial and inconsequential to the management is important to workers. If workers, or other groups of employees, are informed about proposed actions, such as new plant location, lay-off and merger, of far-reaching decisions or about the introduction of new schemes or new ways of working, the employees will understand the consequences of such action better and, therefore, the number of grievances due to the lack of awareness may well be reduced. Lack of awareness creates uncertainty, causes tension and suspicion in the minds of workers consequentially breeding grievances.

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[3] H. J. Chruden and A. W. Sherman, *Personnel Management* Cincinnati, Ohio: South Western Publishing Company, 1963, pp. 433-435.

Supervisory practices are a major source of grievances. Much depends on the supervisor's attitude and behaviour towards the workers. Supervisory styles which result in inconsistency in the application of personnel policies, partiality in applying rules and decisions, and laxity in condoning unions or employees to bypass him on issues it is his contracted responsibility to deal with, e.g. regarding job standards, grievance processes, etc.—all these could build up pressures on individuals and could result in grievances if not an explosive industrial relations situation.

Union Practices

In firms where there are a multiplicity of unions, many of whom may have political affiliation, there is constant jostling and lobbying for numerical strength and support. Where unions are not formed on the basis of specialised crafts but are general unions, the pressure to survive is great and, hence, there is a need to gain the support of workers. Under such circumstances the grievance machinery could be an important vehicle for them to show their undeniable concern for workers' welfare. The fact that a union can provide a voice for their grievances is a vital factor in motivating employees to join a union. Realising that members expect action and only active unions can generate membership, unions sometimes are inclined to encourage the filing of grievances in order to demonstrate the advantage of union membership. It makes the union popular by proving that it is a force to be reckoned with and headed by the management.

There are also situations when unions, because they are unsure of their strength vis-a-vis both management and workers, may want to encourage the filing of several grievances in order to assert their presence. This is especially so just before contract negotiations are to take place and the various unions are lobbying to represent the workers.

Individual Personality Traits

An individual's personality also has a bearing on the usage of the grievance machinery. Some are basically predisposed to grumble and find fault with every little matter, seeing and looking out only for faults. Sometimes mental tension, caused perhaps by ill health, also contributes to this, in the sense that a tense mind finds an outlet in voicing a spate of grievances. On the other hand, there are employees who are willing to overlook minor issues and discomforts and get on with the job.

Notwithstanding personality traits, the atmosphere or the culture that prevails could also contribute to this phenomenon. An antagonistic atmosphere could result in even a trivial matter being blown out of proportion, which in more cooperative times would not even have been noticed.

The Grievance Procedure

There are several substantive reasons for having a formal grievance procedure. Grievance mechanisms operate on the basis of sifting and establishing facts by raising probing questions such as Who? Why? When? Where? and What? Emotional attitudes are pushed to the background though they could, in the first instance, have caused the grievance. The facts are collected and analysed before an impartial decision is reached. This process could cover one or several levels in the organization including reference to outside institutions/individuals, if so desired or provided in the contract.

An important aspect of the grievance machinery is the reassurance given to an individual employee by the mere fact that there is a mechanism available to him which will consider his grievance in a dispassionate and detached manner, and that his point of view will be heard and given due consideration. Built into this are safeguards against victimisation if, for instance, the grievance concerns a superior's action.

Putting forward grievances and discussing them, even if they are not ultimately settled in the employee's favour, gives a worker the satisfaction of having communicated with, and been heard by, the management. An employee's conception of his problem(s) may be quite biased. Venting his grievance and being heard gives him a feeling of being cared for. He gets it "off his chest", so to say, and it does a lot of good for his morale as illustrated by the famous Hawthorne studies.

The supervisor is the first level in the grievance machinery. If there is no formal procedure and the firm announces an open-door policy, then it is possible that the supervisor may get bypassed by the worker who would take his grievance directly to the higher levels of management. However, such bypassing not merely undermines the supervisor's authority, who loses face, but also creates an atmosphere of win-or-lose in which both the worker and the supervisor will want to prove the other wrong.

On the other hand, exclusive reliance on the supervisor can jeopardise the interest of the employee. The supervisor may exert his hierarchical superiority and not want to be challenged, or it may not be resolved to the satisfaction of the employee. For instance, the supervisor may lack the necessary human relations skills, in terms of understanding worker needs and feelings, or he may lack the authority to take the action necessary to resolve the problem, or personal bias against one or some of his subordinates will preclude parity of treatment.

Involving the supervisor's middle and senior-line managers in the grievance process helps on two dimensions. Firstly, the social barriers that exist between the various categories are, to some extent, broken by personal contact and mutual understanding. Secondly, the problem-solving approach integrates the various levels in the organization into a team to jointly overcome the problem which concerns not only the worker but the manager also.

In situations where the formal grievance procedure does not exist, Myers and Kannappan[4] found that a two-stage process exists: the first is the supervisor, and failing redressal there comes the second stage—the labour welfare officer. The labour welfare officer then acts as a mediator between the aggrieved worker and the supervisor. Higher levels are involved depending on the grievance and the "political leverage" the labour welfare officer wields vis-a-vis department heads and top management. However, being in a relatively low level position, his is mainly a placatory role.

On the other hand, there are instances where, a well-formulated grievance machinery already exists. We shall consider two examples, the first being an industry procedure and the other at the plant level.

The textile labour association and the textile millowners of Ahmedabad have had well-formulated and smooth procedures for several years. In fact, even though the agreement provides for outside conciliation in case there is a failure of the various earlier steps to mitigate the grievance, a proportionately small number has been referred to conciliation.

In the mills the several departments each have a union shop representative (Pratinidhi) who takes up the employee's grievance to the department head and, if necessary, to higher levels. The union tries to keep a ratio of one representative for every hundred workers. If there is no resolution at this stage, the matter is taken over by the union officials, starting with the lower-level inspectors of the union who go to the mill, interview the grievant and then discuss the situation with the department head. Failure at this stage brings in the higher functionaries of the union who discuss the issue with the top management of the mill and if necessary the millowners' association. Failure even at this stage leads to conciliation and arbitration processes set up by the parties, i.e. the management and the union on behalf of the aggrieved employee.

We consider next a unit level procedure as followed in Tata Iron and Steel Company (Works). The procedure consists of several stages. At stage 1, the worker with a grievance fills in a form and submits it to the shift incharge for consideration. If he is not satisfied with the decision he goes on to stage 2, where his grievance is considered by the department head. If he is still dissatisfied he forwards it to the appropriate chairman of the zonal works committee (ZWC) of which there are six for works and one for the non-factory staff (departments are clustered together and are covered by one committee). Each zonal works committee consists of five management and five union representatives and they work on the basis of a unanimous decision which is final and binding on both parties. The zonal works committee considers individual grievances pertaining to promotion, suspension, discharge, dismissal and disciplinary matters.

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[4] C. A. Myers and S. Kannappan, *Industrial Relation in India*, Bombay: Asia Publishing House, 1970.

If the zonal works committee cannot reach a unanimous decision, the grievance is referred to the central works committee which consists of representatives of top management and union officials. Again, the unanimity principle operates here and a decision is binding on both parties. If, however, no unanimous decision is reached in this committee either, the matter is referred to the chairman of the company for the final decision.

The National Commission on Labour has suggested a model grievance procedure (Fig. 7.1).

The Commission also suggests that the formal conciliation machinery, i.e. the offices of the state labour department's conciliation officers should not be availed of till all the steps in the procedure are exhausted. Evidently, if the grievance is referred to voluntary arbitration, which would also be one of the suggestions of the conciliation officers failing conciliation, then both the parties proceed with the understanding that the arbitration decision is final and binding. A grievance becomes a dispute only when all the steps have been gone through and the final decision of the management is unacceptable to the employee concerned.

The level at which settlement takes place is an index of the climate or the spirit that prevails in the firm. The lower the level of settlement, the quicker the redressal of a grievance. The concerned supervisor or manager also would be in a position to "give and take" at stage 1, but at subsequent stages when he comes under the glare of publicity and the notice of his superiors, his position is likely to harden, if only to vindicate his stand.

From the grievant's point of view, the delay would only increase his frustration and anxiety, perhaps affecting his morale and productivity which in turn would influence his colleagues. The social cost in delay is a loss of goodwill and camaraderie that might have been built up.

The personnel department has a substantial role to play advising the particular manager appointed to consider the grievance—and in a plant there would be many officers in various departments at several levels. Not only will the personnel officers be giving advice on technical aspects of the problem, if within their competence, but more so on the human aspects or the implications of various decisions and their impact on the grievant and the industrial relations situation in the plant.

A grievance procedure is necessary in a large organization which has numerous personnel and many different levels with the result that the manager is unable to keep a check on each individual, or be involved in every aspect of the working of the organization. In a small organization, communication, knowledge and contact is possible to a much greater extent, thus reducing the need for a formal grievance procedure.

More than anything else, it needs to be understood that having a formal grievance procedure is all very well, but what really matters is the climate or the spirit that prevails in the organization, from top management downwards. Is there a spirit of give and take, of wanting to understand the workers' problems, of wanting to resolve problems of commonality between

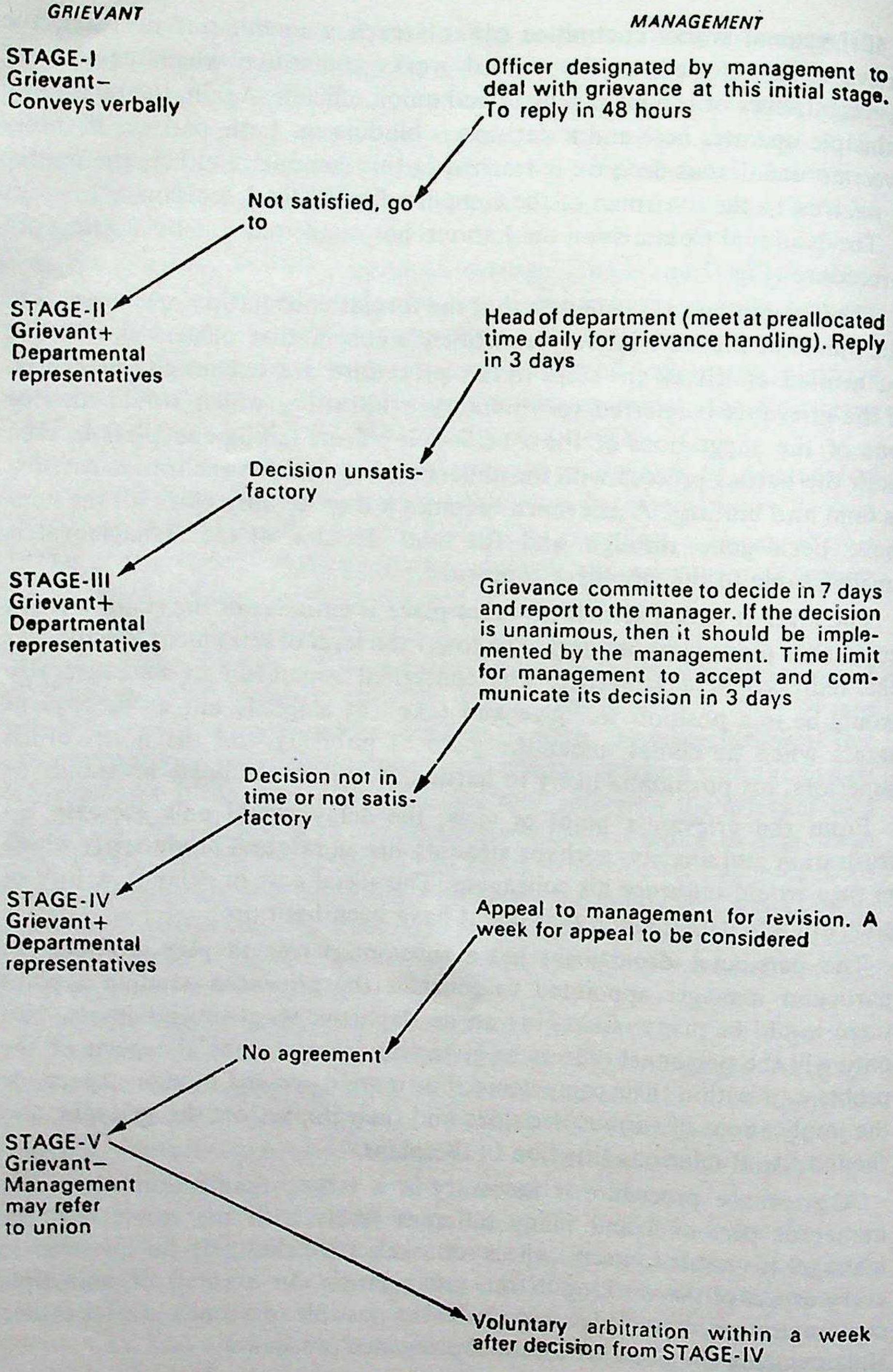
GRIEVANT
MANAGEMENT
STAGE-I
Grievant– Conveys verbally
Officer designated by management to deal with grievance at this initial stage. To reply in 48 hours
Not satisfied, go to
STAGE-II
Grievant+ Departmental representatives
Head of department (meet at preallocated time daily for grievance handling). Reply in 3 days
Decision unsatisfactory
STAGE-III
Grievant+ Departmental representatives
Grievance committee to decide in 7 days and report to the manager. If the decision is unanimous, then it should be implemented by the management. Time limit for management to accept and communicate its decision in 3 days
Decision not in time or not satisfactory
STAGE-IV
Grievant+ Departmental representatives
Appeal to management for revision. A week for appeal to be considered
No agreement
STAGE-V
Grievant– Management may refer to union
Voluntary arbitration within a week after decision from STAGE-IV

Fig. 7.1

groups, of sharing and working together? If not, the grievance procedure will remain a document, it will be therefore all to see and read but it will be without any meaning whatsoever.

Grievance and Industrial Relations

The code of discipline, which was a voluntary, self-enforcing type of code formulated towards the end of 1958, suggested a grievance procedure. This was part of the strategy to promote good relations between employers and workers. Subsequently, as we have seen, the national Commission on labour also made a similar suggestion and suggested a model grievance procedure. It needs to be reiterated that the lack of a grievance machinery will find an outlet, in one form of indiscipline or another over a period of time, or else cooperation will not be in line with managerial expectation, reflecting perhaps in the production/output. Hence the concern voiced by the two bodies mentioned.

In fact, the Factories Act (1948) required the appointment of a labour welfare officer in every firm of 500 or more employees. Responsibilities and duties pertaining to labour welfare and working conditions are spelt out in special rules issued by the state governments under the Factories Act of 1948. The inspectorate is responsible for ensuring the observance and implementation of several provisions by management. It has subsequently to ensure that peace and harmony is maintained and that all consequent or related grievances are attended to promptly. The Factories Act, admittedly, has a limited scope in terms of welfare, working conditions and safety, mainly it is the responsibility of the inspectors to ensure compliance with the legislation, which in itself only sets the floor.

In the absence of a formal grievance procedure, works committees also play a role in discussing and settling grievances. The establishment of works committees is a statutory requirement according to the Industrial Disputes Act of 1947. Formally, the main objective of the works committee was to discuss the day-to-day affairs of the plant which are of mutual interest to management and workers—production, working conditions, welfare, hours of work, etc. An atmosphere of cordiality and cooperation is facilitated through such mutual discussions of problems which may otherwise have precipitated a conflict situation.

Informally, however, a discussion and settlement of worker grievances by works committees is not uncommon. They may be very minor problems but may still be agitating the minds of the workers and what better forum than the works committee? Particularly in the absence of any other formalized institution for bilateral discussion at the plant level, a discussion with the works manager and the production department, rather than with top management, who would anyway refer the matter to the works manager, does seem to be the best method.

In the absence of an accepted grievance procedure, the culture of the plant may be such as to utilise the forum of either the Factories Act or the Industrial Disputes Act—however limited their protective umbrella—to press their grievances. One of the problems in the Indian industrial relations scene is the lack of an appreciation of the distinct boundaries between the areas of grievance procedure, collective bargaining and workers' participation in management. An attempt to segregate these areas has been made at TISCO, Jamshedpur. The issues that come up in each of these three areas are distinct and, therefore, need different approaches to deal with them. Very briefly, grievance procedure is concerned with the individual and his peculiar problems. Admittedly, there are occasions when, either individual grievances of a severe magnitude which have policy implications, or those which concern only a few employees, are considered in the collective bargaining arena—which generally considers issues of a much broader nature—and a settlement reached which is applicable for the entire workforce. Such settlements would cover terms and conditions of employment, rules for working at the plant and finally pay and allowances for various jobs. There is also the area of workers' participation in management where there is much more of commonality in terms of discussion and joint participation on key issues which are situationally established between management and workers. This is a general framework to provide an understanding. In fact, there are several refinements, including consideration of collective bargaining as a form of workers' participation, but these are issues of another kind. The point to note and understand is that if there is a grievance machinery then many of the smaller and less important issues are settled by it, leaving the collective bargaining process to work in a harmonious atmosphere.

One of the roles of the union is to aid and protect the individual worker in terms of his interest and problems. By joining a body such as a trade union the worker hopes, in fact, to get this kind of protection because in collective bargaining lies strength and protection for the individual. For instance, the worker realises that as an individual grievant he would be given less attention than if it had the backing of the union, which in its larger representational and organizational strength could get more attention for his grievance. An individual would not have the weight of the collective body or the organizational back-up to deal effectively with managerial actions such as victimization, callousness and favouritism. If he acted as an individual worker, he would most probably jeopardise his continued employment—management could terminate an individual worker's services with less repercussions than if he were a member of a union. The union can build up pressure on management for grievances not attended to through withdrawal, or stoppage of labour either for short or prolonged spells.

Workers' rights, particularly with regard to grievances, are protected through the intervention of the union at each step. For instance, if an employee is asked to do a task which he thinks or perceives as being unfair, the union will advise him to carry on with the job and then file a grievance, for non-observance of the supervisor's order would constitute indiscipline on the part of the worker making him liable to charges of indiscipline. Subsequently the union would go into action and collect all the facts for a strong and foolproof case by asking questions and gathering data—Who? Why? When? What? Grievanes are best resolved on the basis of facts and not perceptions. There are grievances though which may not always be verifiable by reason of the situation and where, to some extent, the subective element enters, thus giving way to perceptions. For instance, if nanagement talks of an uncooperative attitude, this charge would remain a managerial perception as far as the worker/union is concerned, unless of course, it is substantiated by written notices issued to the employees over a time span.

A feature of Indian trade unionism is the multiplicity of unions. These unions may be vying for the same membership—the proliferation in numbers may not necessarily be due to craft or skill specializations which alone would justify separate unions. In order to enhance their respective standing vis-a-vis the workers, each of the minority unions would tend to make a major issue of an employee grievance thus enabling them to sit with management and discuss policy matters. This approach arouses the workers' expectations. Management, on the other hand, is also faced with the dilemma of deciding whether or not to deal with a minority union, and if so, what the repercussions would be on the other unions. The latter might consider the decision as being partial or may want similar benefits for one of their supporters, particularly if the issue is based on an interpretation of a collective bargaining agreement. Thus, it is possible that individual grievances could lead to industrial disputes necessitating third party intervention such as conciliation or arbitration machinery of the government labour department.

In trade unions where there is political affiliation and involvement or outside leadership, grievance processing and settlement become complicated. It has been found that "once parties other than those directly concerned get interested in any event the situation becomes worse and its solution is hard to find because of vested interest."[5] Outsiders, because of their preoccupations, do not have the same commitment to the individual worker or to the organization. Their understanding and involvement may not always be the same as that of internal leadership, who would be better able to appreciate the internal culture of the plant and be on hand constantly to aid and advise the grievant.

Summary

A formal grievance procedure has the advantage that facts rather than perceptions speak for themselves. This ensures parity of individuals and objectivity as far as treatment from management is concerned. If both parties used the grievance procedure meticulously, then firmness would not be resented because the worker wants, above all, "fairness" in treatment. A grievance procedure would also, to some extent, ensure that an employee is not victimized; this would be possible only if there is a union to protect the worker's rights. Having the procedure is the first step, but workers also need to be aware of the process and what exactly constitutes a grievance, i.e. what their rights are, if the procedure is to be meaningful to them.

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[5] Chandra, op. cit., pp. 17-18.

Finally, much depends on the spirit in which the grievance procedure is used. Is each grievance seen as a battle to be won; or is a problem-solving atmosphere cultivated? Only when an atmosphere of give and take prevails making possible a compromise solution—will the grievance machinery be of value.

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8

Discipline

Discipline is very essential for a healthy industrial atmosphere and the achievement of organizational goals. An acceptable performance from subordinates in an organization depends on their willingness to carry out instructions and the orders of their superiors, to abide by the rules of conduct, and maintain satisfactory standards of work.

The term 'discipline' can be interpreted variously. It connotes a state of order in an organization. It also means compliance with the accepted order or proper appreciation of the hierarchical-superior-subordinate-relationship. It is sometimes understood as a sort of check or restraint on the liberty of an individual. It is a training which rectifies, modifies, strengthens or improves individual behaviour. It is adherence to established norms and regulations. It corrects improper conduct and thus acts as a force leading to the observance of rules and regulations. It is essentially an attitude of the mind, a product of culture and environment and requires, along with legislative sanction, persuasion on a moral plane.

The concept of discipline emerges in a work situation from the interaction of manager and workers in an organization. Formal and informal rules and regulations govern the relationship between a manager and workers. The formal rules and regulations, including work-related behaviour rules, are codified in the company's manual or standing orders. Informal rules, on the other hand, are evolved from convention and culture in the organization.

It is useful to categorise the basic concepts of discipline, one of them being negative while the other is a positive aspect of discipline. The negative approach to discipline is a traditional concept and is identified with ensuring that subordinates adhere strictly to the rules, and punishment is meted out in the event of indiscipline. In other words, for the violation of rules strict penalties are levied and the fear of punishment works as a deterrent in the mind of the employee. In organizations where the workers are unskilled and illiterate, it is easier to enforce this kind of discipline—since the attitude is one of obedience. This concept uses 'fear' as a means to secure compliance to preset norms.

With the growing awareness among workers regarding their rights, due to the increasing number of trade unions and education among workers, there is a tendency to reconsider the approach that was being used so far. After realising the limitations of strict discipline progressive managements have started adopting and experimenting with the concept of positive discipline. This concept assumes a certain degree of self-discipline. Employees are expected to comply with the rules not from fear of recrimination but because they desire to cooperate in achieving the common goal of the organization. In the positive approach to discipline, willingness to comply is important. The emphasis is on a cooperative efforts to secure compliance to company norms. Behavioural scientists have also emphasised discipline in this sense and they view discipline as a self-control to meet organizational objectives. This approach helps in achieving both individual and organizational goals. It motivates employees to work with zeal and fulfil their needs. In other words, positive discipline calls for internalisation by the employee, of the objectives and expected norms of behaviour in an organization.

The term 'indiscipline' can be described as non-conformity to formal and informal rules and regulations. It is necessary to correct indiscipline in an organization as soon as it is observed because of its adverse influence on the morale and motivation of the employees as well as the organization. Indiscipline results in chaos, confusion and diffusion of results. It gives rise to strikes, 'go-slows,' absenteeism, leading to loss of production, profits and wages.

It is interesting to examine the factors leading to indiscipline. Basically, indiscipline may arise due to poor management, errors of judgement by employees about their union leaders or a lack of understanding of management policy. These problems could also arise if an individual behaves in a manner which results in indiscipline, perhaps out of habit or as a reaction to personal problems or as an outcome of the management's non-response to his grievance. Indiscipline may also arise due to a lack of commitment to work, by employees in an organization. In general, various factors, such as, unfair labour practices, victimisation by management, wage differentials, wrong work assignments, defective grievance procedure, payment of very low wages (giving rise to poverty, frustration and indebtedness), poor communication, ineffective leadership, result in indiscipline. Thus, various socio-economic and cultural factors play a role in creating indiscipline in an organization.

There is no hard and fast rule to deal with indiscipline. The positive approach described earlier calls for self-discipline and assumes that most employees generally behave reasonably. Counselling and educating the employee are added means that can be effectively and positively used to check indiscipline. If the management also adopts strategies like job-enrichment to develop commitment to work, sets up effective grievance handling machinery, evolves proper induction and training programmes for new entrants and develops a system which provides sufficient scope and opportunity to develop employee potential, it would leave very little room for the growth of grievances which could lead to indiscipline. The essential prerequisites for using this approach to manage indiscipline are:

1. reasonable, legitimate and clear rules and regulations,
2. workers should be involved in framing rules and regulations so that they willingly accept the rules,
3. prior notice of the consequences of breaking rules,
4. consistency and uniformity of punishment,
5. respect for the human personality,
6. management personnel should set high standards.

Indiscipline could be dealt with using formal and informal systems, through which it is corrected. In case an informal system is being used, either a transfer, an informal warning, or a non-hierarchical but status demotion are the remedies to correct indiscipline. Managements, in order to avoid the legal complexities of the formal system, resort to informal systems. The informal approach is undesirable and creates bitterness and has adverse effects on employee morale and motivation. In the case of the formal system it mainly refers to adherence to the judicial approach.

1. *The Judicial Approach*: It is commonly followed in India. Various kinds of misconduct are listed in the standing orders and penalties are also mentioned. The decisions of the Supreme Court on various cases also serve as guidelines. This approach is elaborated upon subsequently.

2. *The Human Relations Approach*: It calls for treating an employee as a human being and considers the totality of his personality and behaviour while correcting faults that contribute to indiscipline. His total personality is considered, as is his interaction with his colleagues, his family background, etc. and then appropriate punishment for misconduct is awarded.

3. *The Human Resources Approach*: This approach calls for treating every employee as a resource and an asset to the organization. Before punishing the worker, the cause for indiscipline has to be ascertained. An analysis of the cause is made, to find out whether indiscipline is due to the failure of his training and motivating system or the individual's own failure to meet the requirements, and accordingly corrections are made.

4. *The Group Discipline Approach*: The management in this approach sets and conveys well established norms and tries to involve groups of employees. The group as a whole controls indiscipline and awards appropriate punishments. The trade union may also act as a disciplinary agency.

5. *The Leadership Approach*: In this case, every supervisor or manager has to guide, control, train, develop, lead a group and administer the rules for discipline.

Judicial Approach to Discipline

The present-day manager has to handle a variety of disciplinary issues. His right to hire and dismiss is curbed to a great extent, especially where unionised employees are concerned. The complexity is increasing in this arbitrary managerial function due to intervention by the government, by providing legislation for governing terms of employment. The need for legislation arose as India is faced with a chronic problem of unemployment and illiteracy among industrial labour. In order to ensure security of jobs, the government has tried to assure protection to industrial labour from likely misuse of managerial power to hire and fire.

Industrial Employment (Standing Orders) Act, 1946[1]

In order to improve the industrial relations climate and standardise conditions of employment including the procedures for disciplinary action, the Industrial Employment (Standing Orders) Act was passed in 1946. This Act extends to the whole of India and is applicable to industrial establishments employing 100 or more workmen on any day of the preceding 12 months. Both the Central and the State governments have power to apply this Act to any establishment employing even less than 100 workmen and exempt conditionally or unconditionally any establishment from any or all provisions of the Act. The Act is a central legislation but is administered by both the Central and the State governments in their respective spheres.

This Act necessitates the establishment to define its service rules and prepare standing orders which should be clarified by the certifying officer appointed under the Act within the specified time limit and in the specified manner. Certification, modification and operation of the standing orders is also specified in the Act, and a penalty is levied if the set procedure is not followed. In the absence of its own standing orders, the establishment has to follow model standing orders. It is the duty of the employer not only to certify the standing orders but make it known to the workmen and thereby it is obligatory on the part of workmen to comply with the provisions of the standing orders.

Model standing orders contain various provisions which relate to the following areas:

1. Classification of workmen into permanent, probationers, 'badlis', temporary, casual and apprentices and the meaning of each.
2. Rules for publication of working time, holidays and pay days, wage rates, shift working, etc.
3. Notices of change in shift working.
4. Provisions regarding attendance and late coming.
5. Provisions for leave and various types of leave.

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[1] Government of India, *The Industrial Employment (Standing Order) Act 1946* as modified up to 1st Nov. 1976, New Delhi. Ministry of Law and Justice and Company Affairs.

6. Provision for payment of wages.
7. Provision for stoppage of work.
8. Termination of employment.
9. Provision for a certificate on termination of service.
10. Disciplinary action for misconduct: Model standing orders specify certain acts as misconduct like wilful insubordination or disobedience to any lawful and reasonable order of the superior, theft, fraud, or dishonesty in connection with the employer's business or property, etc. This list is not exhaustive. Various forms of punishment like discharge, dismissal, etc. are also specified.
11. Liability of manager.
12. Provision for exhibition of standing orders.

Model standing orders specify the terms and conditions which govern day-to-day employer-employee relationships, infringement of which could result in a charge of misconduct.

The standing orders provide the management with a basis for taking disciplinary action against employees in an organization. This is necessary if the enterprise is to function at all. The Act defines the term 'misconduct' and examples are provided in the model standing orders. In very general terms. an action or type of behaviour can be defined as misconduct[2] if it is prejudicial to the interest of the employer and other employees, inconsistent and incompatible with the norms set for discharging duties, unsafe, undesirable or unfaithful amounting to insubordination to such a degree that it becomes incompatible to continue employer-employee relationships.

The standing orders specify acts of misconduct in a wide perspective—in other words, they are only indicative and as such it does not follow that what is not embodied in the standing orders is not misconduct. For instance, there was the case of Mr. Sambandam, a cashier in a Bank in Madurai who took leave on false grounds. It would be considered an act of misconduct even if it was not listed in the service rules.[3]

Some measures though appearing in the standing orders or service rules can cause confusion due to a variety of interpretations by personnel in the organization. One such example is the concept of disobedience of a lawful order of the superior. To illustrate, there was the case in which a workman while discussing the question of sales policy put forward his view-point in a slightly raised voice. The superior asked him to 'shut up' and 'get out'. But the workman refused to do so. In this case the superior contended that the latter had wilfully disobeyed the lawful order of the superior and deserved the punishment of dismissal.[4] Such orders cannot be considered either lawful and reasonable or relating to the duty of the concerned workman. To further exemplify the case of disobedience to a lawful order, the case of Boots Pure Drug Company (India) Limited, Cochin vs. K. C. Bastian can be examined.[5] In this case a driver to the manager was transferred as a packer. The driver rejected the transfer order and hence he was dismissed for disobedience of a lawful order of transfer. When the case was referred to the tribunal, it upheld the decision of dismissal. On appeal in the court, the award by the tribunal was set aside considering the order of transfer as 'unlawful' and 'unreasonable'. It was held that the post of a driver is different from the post of a packer, as the driver comes in day-to-day contact with the manager whereas the packer does not. The subsequent issue raised was a lack of confidence in the driver and hence the manager wished to terminate his services. This issue was also referred back to the tribunal for a decision.

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[2] Indian Engineering Association, "Code of Discipline in Industry", *General Guidance Note*, Calcutta, 1967.

[3] Bank of India Ltd., Madurai, 1965, 44 (Madras) in C. D. Menon, *Disciplinary Enquiries in Industry, the Law, the Process and Decision Making*, Working Paper No. 216, Indian Institute of Management, Ahmedabad, 1978.

[4] P. L. Pathak et al. v. Elgin Mills Co. Ltd., 1958, *ILLJ*, 100 (LAT) in Menon, op. cit., No. 3.

The other examples of misconduct are, go-slow, "which is a strike on the job, covert sabotage effected by a conscientious withdrawal of efficiency"[6]; employee conduct subversive of discipline—for example, if a worker makes a complaint to the police against the management, such an act does not amount to subversion of discipline but a false complaint without any reasonable justification may amount to misconduct; *gherao* which usually means that a manager is restrained or confined in order that the workmen may press their demands is treated as misconduct; whether misconduct outside the premises or outside working hours is misconduct or not depends on the merits of each case. In the case of Manchandani Electrical and Radio Industries Limited vs. their workmen,[7] assault took place outside the factory. As this event had the effect of subverting discipline and good behaviour within the premises it was considered as misconduct. The Supreme Court in its judgement clarified two issues. The first related to the conduct of the enquiry itself and the other related to the relevance of misconduct committed outside the precincts of the factory and its effect on the maintenance of discipline within the factory. The Supreme Court overruled the labour courts' contention that the enquiry was not 'fair and proper' on the grounds that the enquiry officer had put certain questions by way of clarification. The witnesses were further allowed to be cross-examined by the union. Where the misconduct outside the premises has the effect of subverting discipline within the plant, it can be punished as misconduct.

The employer has the right to take disciplinary action against the employee for misconduct but according to the principles of natural justice the employee should be given an opportunity to present his case. Therefore a domestic enquiry should be held before punishment is awarded. Mr. Justice Wanchu of the Supreme Court held in the Kesoram Cotton Mills Case of 1961: "the purpose of the rules of natural justice is to safeguard the position of the person against whom an enquiry is being conducted so that he is able to meet the charge laid against him properly."[8] Thus no man shall be condemned unheard and be the judge in his own cause. This is the essence of the principle of natural justice. This principle ensures that: (i) the workman charged should be given an opportunity to present witnesses of his choice on whom he relies; (ii) he has a right to cross-examine the management's evidence; (iii) the evidence of the management should be taken in his presence; (iv) no material should be used against him without giving him an opportunity to explain; (v) the enquiry against the employee should be fair and conducted by an impartial person; and (vi) the punishment awarded should not be out of proportion to the misconduct committed.

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[5] Boots Pure Drug Company vs. Bastian 1977–I, *ILLJ*, p. 113.

[6] Menon, op. cit.

[7] Manchandani Electrical and Radio Industries Ltd. vs. Their Workman, *Labour Law Journal*, Vol. I, May 1975, p. 391.

The basic issue, that a tribunal or a labour court will seek to establish when a case is being adjudicated by it, is whether a proper domestic enquiry was held and whether the principle of natural justice was observed. Two other criteria are to be fulfilled—whether there was lack of bias or not in the enquiry proceedings and whether the other party was heard in 'good faith'. This is illustrated in the case of Cooper Engineering Limited vs. P. P. Mundle in 1975.[9] In this case an employee was dismissed for misconduct. It was referred to the labour court for adjudication. First the labour court had to decide whether the domestic enquiry had violated the principles of natural justice. The case is an important landmark in labour law, as the Supreme Court set out the duties of a labour court in terms of its role in respect of the domestic enquiry. The preliminary issue is to determine the validity of a domestic enquiry. If no enquiry or a defective invalid enquiry was held then the labour court itself conducts the enquiry on its own, with both the parties being allowed to produce witnesses and adduce evidence. This amounts to a fresh enquiry in the labour court. In the Cooper vs. Mundle case, the Supreme Court could have directed the labour court to conduct another enquiry, but since the time already taken for the case was considerable and the parties to the dispute were willing to come to a settlement, the Supreme Court directed payment of compensation, rather than have the labour court conduct the enquiry and give its judgement.

There is as yet no statute as regards the procedure to be followed in conducting a disciplinary enquiry. However, case law has been developed by the various courts such as the Supreme Court, the high courts, labour courts and industrial tribunals in India, and their various awards have indicated a detailed procedure for taking disciplinary action and made it compulsory to hold a domestic enquiry before the worker is punished for misconduct thereby following the principle of natural justice. The detailed steps which could be followed in a domestic enquiry are given in Appendix 8A, given at the end of this chapter.

[8] Menon, op. cit.

[9] Cooper Engineering Limited vs. P. P. Mundle, 1975-II, *LLJ*.

Punishment

The standing orders may specify various forms of punishment for misconduct. Depending on the gravity of the misconduct, the past record of the employee and the judgement of the management, appropriate punishment is awarded. The alternative forms of punishment are:

1. dismissal,
2. discharge,
3. discharge simpliciter,
4. suspension,
5. demotion to a lower grade,
6. withholding of increments,
7. fine,
8. warning or censure.

Of the above, dismissal, discharge and suspension may be categorised as major punishments while awarding of a fine, warning or censure are regarded as minor punishments. In establishments where the Industrial Employment (Standing Orders) Act is applicable, the punishments are specified in model standing orders or certified standing orders, hence the management cannot award punishments other than those mentioned in the standing orders.

Depending on the gravity of the misconduct a variety of controls to ensure employee discipline are available. The lesser punishments are meant to convey a message to the employee or his colleagues, about management's concern for maintaining discipline. A fine or a warning is a minor disciplinary punishment, the fine hits the pay packet and the warning note goes on the employee's personal record, which may be considered at the time of promotion or transfer—as a negative input. Stoppage of an increment is a monetary control in addition to the censure and shame it carries with it. The normal increment that would have accrued to an individual is denied. More humiliating is for an errant employee to be demoted to a lower grade and be on par with his one time juniors, in addition to having a pay cut.

There are two types of suspension: (i) suspension pending an enquiry with or without pay is explained in the procedure for holding a domestic enquiry; and (ii) the punitive suspension which is awarded to the workman as a punishment for misconduct. This amounts to prohibiting an employee from performing duties and withholding of wages for that period till the charges are proved.

Termination: The service of an employee can be terminated by way of:

—discharge,

—discharge simpliciter,

—dismissal.

Of these forms of punishment, dismissal is the extreme form, and is usually awarded only when it becomes incompatible to continue employer-employee relations. It is also awarded in cases of wilful insubordination, riotous or disorderly behaviour, theft, etc. "Discharge amounts to termination of service by giving agreed notice or payment and acceptance of money in lieu of such notice."[10]

Discharge simpliciter means the termination of an employee's services for loss of confidence and does not necessarily imply any act of misconduct.

The stigma attached to the expression 'dismissal' is much more than that in the expression 'discharge'. In the case of a simple discharge, termination benefits are given to an employee, while a dismissed employee loses all of them. In case of dismissal, future employment is also affected.

The case of Air India Corporation Bombay and V. A. Rebellow and Another[11] brings out issues in respect of simple termination vis-a-vis punitive discharge. The respondent Mr. Rebellow was an Assistant Station Superintendent, a junior officer, who had to deal with air hostesses. The employer lost confidence in him due to grave suspicion regarding his private conduct and behaviour with air hostesses employed by the employer and so his services were terminated, with salary for 30 days in lieu of notice. The order does not suggest any misconduct. "Thus if the termination of service is because of loss of confidence in the employee due to suspicion about his suitability for the job in which he is employed, the termination is not subject to review by industrial adjudication if it is not malafide."[12]

In India, as there is chronic unemployment and labour is available in abundance, termination is usually challenge-prone. Aware of labour's weak position, the government has tried to safeguard its interests by allowing an employee to go to the courts to challenge the award of punishment. The gravity of misconduct is then determined by considering his past record and examining documentation regarding employee performance. The courts also insist on payment of a month's compensation. The concept of simple termination or loss of confidence is to be seen in the job context. It would have greater relevance given the nature of a job as in the case of Rebellow or, as we saw earlier, in the case of Bastian.

As termination due to loss of confidence is a sensitive area, the courts are generally cautious in such cases and make sure that there is no possibility of victimisation. This is illustrated in the case of Boots Pure Drug Company (India) Limited, Cochin vs. Bastian.[13] The court tried to find out whether the transfer of the driver to the post of packer was not due to loss of confidence in him by the manager. Thus in case of dismissal (termination of services with one month's extra pay as per Standing Orders) on the ground of loss of confidence, the tribunal has the power and duty to look through the order, nature and object of dismissal. Dismissal for reasons of loss of confidence is subjective and therefore it is necessary to determine its bonafide, so that, no stigma is attached to the concerned workman. As far as possible the management should have a tangible basis for dismissal. When there is a clearcut case of misconduct, dismissal can be awarded by holding a proper enquiry, but that should also be awarded by taking into account the character of a workman who is guilty of misconduct.

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[10] S. L. Agarwal, *Labour Relations Law in India*, Meerut, Macmillan, 1978.

[11] Air India Corporation, Bombay and V. A. Rebellow and Another, *Labour Law Journal*, Vol. I, May 1972, p. 501.

[12] D. S. Chopra, *Outline of Labour Law*, Bombay, N. M. Tripathi (P) Ltd., 1974.

[13] Boots Pure Drug Company vs. Bastian, op. cit.

In the case of Siddhanath Krishnaji Kadam (S. K. Kadam) vs. Dadajee Dhackjee and Co. Pvt. Ltd.[14] the above mentioned issues are very well brought out. The case pertains to discharge simpliciter—item 3, II Schedule, Industrial Disputes Act, 1947—whether discharge without holding an enquiry is valid or not, particularly when discharge is on the ground of loss of confidence. In this case a workman who had left the office a little earlier for some personal work was found working at a Dadar Garage belonging to someone else on 16th September 1969 by an Assistant Engineer. On the basis of this information the employer discharged the workman on the ground of loss of confidence, without holding an enquiry. The workman referred it to a labour court and the labour court held that the discharge was bonafide as a case of victimisation was not evident. The labour court also held that even in case of misconduct, the employer was free either to hold an enquiry or dismiss the employee by way of punishment or discharge him and pay all retrenchment dues. The employee's writ was rejected by the labour court in which the employee condemned the employer's misuse of power. The case was taken to the high court, on a writ against the order of the labour court, to decide whether discharge was a punishment, and if not, whether the employer can effect a simple discharge. It was held: "If the contention that the discharge is punitive whenever the basis of discharge is misconduct, is accepted, it will result in virtual punishment of the employer for preferring a lenient cause of discharge against the punitive action of dismissal even on proof of misconduct. The employer can take recourse to discharge without holding any enquiry even when the act of the employee amounted to misconduct if the said discharge of the employee did not happen to be in colourable exercise of powers."[15]

The next question that the high court considered was whether the discharge in this case (S. K. Kadam) was liable to be questioned in view of the Supreme Court's judgement on Michale's case (1975),[16] according to which no employer can discharge an employee on the grounds of loss of confidence. It was held, that in Michale's case, the plea of loss of confidence was not supported by any evidence and was used as a pretence for sending away an unwanted employee. But in the case of S. K. Kadam, proof of the employee having worked privately after leaving the office on a false pretext was sufficient for the employer's loss of confidence.

In S. K. Kadam's case the employer's right to terminate a workman's services was questioned. The employer cannot terminate the services of a workman, depending on his subjective feeling alone. The order of termination has to be justified, i.e. the reasons made known and the evidence put forth. In the case of S. K. Kadam the general manager presented the evidence and was willing to be cross examined.

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[14] Siddhanath Krishnaji Kadam vs. Dadajee C. K. & Co. Pvt. Ltd, Case in the Indian Court Reporter, June 1977.

[15] Menon, op. cit.

[16] Michael's Case 1975, *Lab. IC*, 399.

It is clear from S. K. Kadam's case that the employer had a right to discharge under the contract or rules provided, and good reasons based on objective facts existed. In such a case the employer is not bound to hold an enquiry. In the absence of good reasons, failure to hold an enquiry would render such discharge malafide or an act of exercise of power or victimisation. When a workman is an active trade union member then there are chances that he may be discharged on one pretext or the other, because of his affiliations and fear of trouble. In such cases, assessment of evidence becomes difficult as the dividing line between motive for and the basis of the order becomes very thin. Section 11 A of the Industrial Disputes Act, 1947, which was introduced by an amendment in 1971 which read:

"Where an industrial dispute relating to the discharge or dismissal of a workman has been referred to a labour court, tribunal or national tribunal, as the case may be, is satisfied that the order of discharge or dismissal was not justified it may by its award, set aside the order of discharge or dismissal and direct reinstatement of the workman on such terms and conditions if any, as it thinks fit, or give such other relief to the workman, including the award of any lesser punishment in lieu of discharge or dismissal as the circumstances of the case may require. Provided that in any proceeding under the section the labour court, tribunal or national tribunal as the case may be shall rely only on the materials on record and shall not take any fresh ordinance in relation to the matter."[17]

The objective behind amending this schedule was to enable labour courts and industrial tribunals to interfere more effectively in cases of discharge and dismissal. However, the Supreme Court, in the case of Indian Iron and Steel Company Limited and Another vs. their Workmen[18], has observed that in case of dismissal for misconduct the tribunal does not act as a court of appeal and substitute its own judgement for that of the management.

Intervention by a Tribunal

Only under the following circumstances can the tribunal exercise the right to consider the case:

—when there is a want of good faith;

—when there is victimisation or unfair labour practices are used;

—when management has been guilty of a basic error or violation of a principle of natural justice; and

—when the findings are baseless and perverse.

In those cases where a workman's services are terminated as a result of a proper domestic enquiry which does not violate the above mentioned conditions laid down by the Supreme Court in the case of Indian Iron and Steel Company Ltd., the tribunal cannot consider the propriety or the correctness of the decision of the management.

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[17] Menon, op. cit.

[18] Indian Iron and Steel Co. Ltd. and Another vs. Their Workmen, 1958 *ILLJ*, 260 (SC).

Malafide, Victimisation or Unfair Labour Practice

All three terms have very similar meanings and are sometimes used interchangeably. In cases where a charge sheet is issued and an enquiry follows and dismissal is awarded, the question of bonafides can be raised and the tribunal has the power to consider whether the dismissal was with a certain motive or not. This can be determined from the facts of the case. What is looked for is whether the management has harassed an employee or not.

A workman can be considered to be victimised, when:

—he is innocent but has somehow displeased the employer;

—the punishment awarded is quite out of proportion to the gravity of the offence committed.

This is illustrated in the case of Delhi Cloth and General Mills Ltd. vs. Piara Lal and Another.[19] In this case a workman who was detained under the Defence of India Rules asked for 6 months leave without pay. The management granted only 30 days leave though it had the power to grant more under the standing orders. The workman due to unavoidable reasons (as he was detained under the Defence of India Rules) remained absent for 6 months and when he presented himself to resume his duties he was not permitted to do so, on the ground that due to his continued absence after the expiry of 30 days leave, his services were autometically terminated.

The Delhi High Court held that: (i) the workman's absence was beyond his control and unconnected with the controversy between the workman and the management; (ii) though the management had the power to grant more leave, it did not do so which was unreasonable and malafide amounting to unfair labour practice and victimisation of the workman and so the order of termination was set aside.

Basic Error of Facts

If the findings of the enquiry are based on extraneous evidence, or if a workman is punished for a charge other than that mentioned in the charge sheet, then the management will be guilty of committing a basic error of fact. In the case of Indian Marine Services Pvt. Ltd. Vs. Their Workmen[20] a workman was charge-sheeted for insubordination. A domestic enquiry was held and charges were proved. An order for dismissal was passed and also other charges which were not enquired into were recited. The order also recited that the past record of service of the concerned workman went against him. The industrial tribunal dealing with the dispute considered the evidence adduced before it and held that the charge for insubordination was not made out and directed the reinstatement of the workman. In the appeal, it was held that after reading the order of dismissal it was clear that the decision of the employer to dismiss the workman was based only on the charge of insubordination. The fact of a bad past record was mentioned to give weightage to the order of dismissal. Hence the dismissal was justified and the order of reinstatement was set aside.

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[19] Delhi Cloth and General Mills vs. Piara Lal, 1976, *Lab. IC*, 21.

[20] Indian Marine Service (Pvt.) Ltd. vs. Their Workmen, AIR 1963, S.C. 528 (1963), *ILLJ*, 122.

Perverse Findings

If the enquiry officer records perverse findings then the enquiry stands vitiated. Generally, this happens when the findings are not supported by evidence as recorded in the proceedings of enquiry or a conclusion cannot be arrived at from the records of the domestic enquiry.

The tribunal has the power within its jurisdiction to: (i) concur with the decision of management; or (ii) disagree and substitute (a) reinstatement with full back wages or (b) reinstatement with part wages or (c) reinstatement without wages or with suspension within or beyond the pale of standing orders or withholding of increment or any other punishment other than the extreme one of termination of service; or (iii) award compensation in lieu of reinstatement on the ground that the employer has lost confidence in the charge-sheeted employee.[21]

Conclusion

We have examined the various aspects of the complex topic, Discipline. Positive and negative dimensions of discipline have also been dealt with. However, in a particular situation, it is the supervisor/manager, who has to apply his mind, taking into consideration the context and the environment and then decide on the punishment or otherwise. From simple censure to the extreme of dismissal are the options open. However, the supervisor's prerogative is tempered by legislation and the tribunals to whom an appeal can be made. Therefore, the due process of natural justice, the holding of an enquiry following the complete procedure is a very important aspect in the entire process If discipline is to be enforced, the process has to be meticulously followed and all those involved in disciplining should be trained in the procedure and made aware of the implications of each type of punishment.

The complexity of formal systems and lengthy procedures of enquiry have made dealing with indiscipline very difficult. The bias of an enquiry officer, and interference by tribunals in cases of dismissal and discharge, have created time delays and problems of proper justice to both the parties. Union interference in matters of indiscipline is also a problem.

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[21] Menon, C. D. op. cit., 3

Enforcement of discipline and the award of a punishment is very much the responsibility of a manager. The case law and procedures which have been evolved over time have been done in order to protect the worker against unfair practices. Yet it also cautions the manager to be meticulous in the observance of a proper procedure. Any deviation or negligence, however inadvertent, is likely to result in the amendment of his sanction by the law courts. We have seen a variety of strategies to deal with discipline, each manager has to work out and adopt the appropriate strategy given the particular situation in an enterprise. A strategy for dealing with discipline will have to vary given the constant change in the environment that affects discipline. Therefore a manager has to be aware of a variety of approaches and use the appropriate one at the appropriate time.

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Appendix 8A

The Process of Holding Domestic Enquiries in Industry*

The first and primary step is to carry out a preliminary investigation before the employer holds a disciplinary enquiry in order to find out whether a prima facie case of misconduct is evident. Thus the enquiry should be the result of a preliminary investigation and should not be adopted merely as a matter of course.

After the preliminary investigation is carried out and a prima facie case of misconduct is established, the following stages of disciplinary enquiry should be followed:

1. issue and service of a charge sheet calling upon the employee to submit an explanation,
2. consideration of the explanation,
3. giving notice of an enquiry into the charges in case of unsatisfactory explanation,
4. suspension with or without pay, pending enquiry (if needed),
5. enquiry into the charge;
   —deciding as to who should conduct
   —deciding as how to proceed
   —deciding about the order of examining witnesses
6. recording of findings by the enquiry officer,
7. punishment-decision,
8. communication of punishment.

Let us examine each step in detail.

Issue of a Charge-Sheet

As soon as misconduct is observed and confirmed through preliminary investigation a manager should frame a charge-sheet which contains charges or a description of misconduct, and an explanation should be asked for. A manager has to be very careful in framing the charge-sheet because if the punishment awarded is not in consonance with the charges it would be invalidated. The following points should be considered while framing the charge-sheet:

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*Compiled from a variety of sources. See references on p. 148.

1. The charge-sheet should be properly worded and loose language should not be used so as to create apprehension and confusion in the mind of the concerned workman.
2. While stating the offence, the date, time and place of its commission and all other relevant details should be given.
3. If in a firm, standing orders are in force, then the wording of the charges should be in consonance with the wording in the standing orders.
4. The proposed punishment may be mentioned.
5. It should call upon the worker to submit an explanation in writing within a specified time or date.
6. The charge-sheet should be issued under the signature of the disciplinary authority and not of the enquiry officer.
7. The charge-sheet should be properly served and there should be strict proof of issue and delivery so that later the worker may not deny it. The following alternatives exist: (i) when the workman is present, hand over and obtain signature on duplicate copy; (ii) if he refuses to sign, then duplicate may be signed by the manager and two witnesses; (iii) deliver it to him by registered post; (iv) if the registered charge sheet is returned unserved, then it should be displayed on the notice board, with a noting on it, as to when displayed, when removed, etc; and (v) in appropriate cases, the charge-sheet should be published in a local newspaper having sufficient circulation or coverage.

Consideration of the Explanation

The workman receiving the charge-sheet may:

1. Submit his explanation admitting the charge and ask for leniency—even if such an admission is unqualified and unambiguous, the enquiry should be held before awarding the punishment. In such an enquiry, the enquiry officer need not record evidence but should record findings on the basis of the admission of charges in the worker's presence and his signature may be obtained.
2. Submit his explanation refusing the charge-sheet. Then it is to be carefully examined, to find out whether the explanation is satisfactory or not. A further decision about proceeding in the matter and a detailed enquiry is to be taken on that basis.
3. Apply for an extension of time for submitting an explanation. If such an extension is reasonable then it should be given, so as to avoid future controversy.

4. Fail to submit his explanation, the employer may follow further proceedings of enquiry.

Notice of Enquiry

The enquiry should be normally held within a reasonable time of receiving the explanation. Proper and sufficient advance notice should be given indicating the date, time and venue of the enquiry and name of the enquiry officer, so that the workman can prepare his case. It should also be notified that he should be ready with oral and documentary evidence on the date of enquiry and bring witnesses to prove his case.

In certain cases, the following steps may be observed instead of those previously mentioned:

—issue of show cause notice;
—consideration of explanation; and
—issue of charge-sheet and notice of enquiry.

While framing the notice, care should be taken not to make a statement which would indicate that the workman's case has been prejudged, e.g. statement that the explanation submitted was false etc. should not be made.

Suspension with or without Pay Pending Enquiry if Needed

Where the nature of misconduct is grave and serious, and if it is in the interest of security and safety and maintenance of good order and discipline in the establishment, the worker may be suspended with or without pay till disciplinary proceedings are completed. A manager may suspend a worker even before the charge-sheet is issued or an order of suspension may be given along with the charge-sheet. In a case where standing orders limit the period of suspension, the enquiry must either be completed within the period or wages should be paid for the time exceeded.

Conduct of the Enquiry

Who should hold the enquiry?

Enquiry Officer

Standing Orders may provide as to who should hold the enquiry. Otherwise, an assistant manager, or administrative officer, or labour welfare officer may be nominated. Thus, he may be either a member of the management, or an outsider, or an employer's lawyer or the manager of another business, but not a person who is a witness or who is himself involved in the incident. He has to collect information and arrive at a conclusion. He should not act as a prosecutor or an inquisitor. There should be no personal bias; otherwise the principle of natural justice is violated. The enquiry officer has authority to give an adjournment to the charge-sheeted workman.

Request for Adjournment. If the workman concerned requests for further time on reasonable grounds then another enquiry date should be fixed and conveyed.

Nominee of the Accused Workman. If the charge-sheeted employee would like another employee to represent and assist him in the conduct of his defence, the enquiry officer should allow this. However, it is left to the discretion of the management to allow a nonemployee union official to act as a nominee of the workman at the enquiry.

Interpreter. He may be needed when the workman is not familiar with the language of the enquiry officer.

The enquiry officer should record preliminary statements pertaining to the date of holding the enquiry, persons present, statement of charges, statement that the enquiry procedure was explained to the workman.

In the presence of the accused workman, witnesses should be examined one by one so that prospective witnesses do not know what the previous witness has said. Each witness should be first examined by the party which has called him (examination in chief) and then by opposite party (cross-examination).

The evidence may preferably be recorded by the enquiry officer in a narrative form.

Order of Examination of Witnesses. In the presence of the workman, first the management witnesses should be examined. Then fair opportunity should be given to the workman to cross-examine the management witnesses. Documentary evidence should also be produced through witnesses and be made a part of the enquiry proceedings.

At the end of the recording of evidence given by a witness, he should be asked to sign and then the enquiry officer should also sign the evidence.

After that the worker's witnesses including the worker should be examined. They can be cross examined, and the records should be signed.

Expartite Enquiry. When the workman does not turn up for the enquiry without notice or reasonable cause or refuses to participate or walks out then the enquiry officer may proceed to hold the enquiry ex parte.

Findings of the Enquiry Officer

At the conclusion of the enquiry proceedings, by applying his mind to all the facts that emerged at the enquiry, the enquiry officer should decide as to whether the charges made are valid or not along with reasons for his findings. He may or may not recommend punishment. As far as possible he should refrain from awarding punishment and leave it to the decision of the appropriate authority.

Awarding of Punishment

This is a management task and punishment awarded should be based on the findings of the enquiry and past record of the employee. The gravity of misconduct should be taken into account.

Communication of Punishment

After a decision is taken regarding punishment, it should be communicated to the concerned workman as expeditiously as possible. The letter communicating the punishment should contain:

—reference to the letter of charge issued to the employee;
—reference to the enquiry;
—reference to the findings of the enquiry;
—decisions whether to punish or not; and
—date from which the punishment is to be effective.

When it is necessary to have the approval or prior permission of the conciliation officer, court or tribunal for effecting the order of punishment as provided under Section 33 of the Industrial Disputes Act, a slightly different procedure is to be followed. In such a case, the letter communicating punishment should mention permission obtained or being obtained. This is so in case of prior permission. If the punishment is dismissal or discharge and permission is yet to be obtained, then the letter should mention this and the concerned workman should be placed under suspension. In cases where prior approval is necessary the order of punishment is effective at once because only an application to the concerned authority for 'approval' is to be sent by the management along with the payment of one month's wages to the concerned workman.

9

Industrial Conflict

Nature of Conflict and Its Manifestations

Conflict occurs at various levels—within a person, between members of a group and between groups. It has different implications for individual behaviour and work group behaviour. Our focus here is essentially on intergroup conflict—management and workers (unions). Whenever there are differences between the goals of separate groups or even several individuals in a group, conflict occurs.

However much industrial harmony may be sought as an organizational objective, some conflict is inherent in the industrial structure. Conflict of interests between the various groups, strong enough to cause prolonged work stoppages, is ever present. The three main groups in an industry, namely, owners, managers and workers, develop different orientations and perceptions of their interests. The pursuit of divergent objectives by each causes friction severe enough to lead to strikes/lockouts.

At the organizational level, industrial conflict can occur due to the interactions: (i) within the work organization—between union leaders and managers; (ii) within the union organization—between union leaders and workers; or (iii) between the work organization and union organization represented by the management and union leaders.

These groups, organized and unorganized, manifest their conflict in various forms, some overt while others not quite. The ultimate manifestation of industrial conflict is a strike on the part of workers and a lockout on the part of managers/employers (Chart 9.1). The chart clearly shows that conflict is not confined to overt strikes or lockouts but there are other expressions of conflict which have significant effects on the working of an enterprise.[1]

Thus, as Chart 9.1 indicates, many possible forms of upheaval, stresses and tensions exist which could precede or withhold the final state of breakdown.

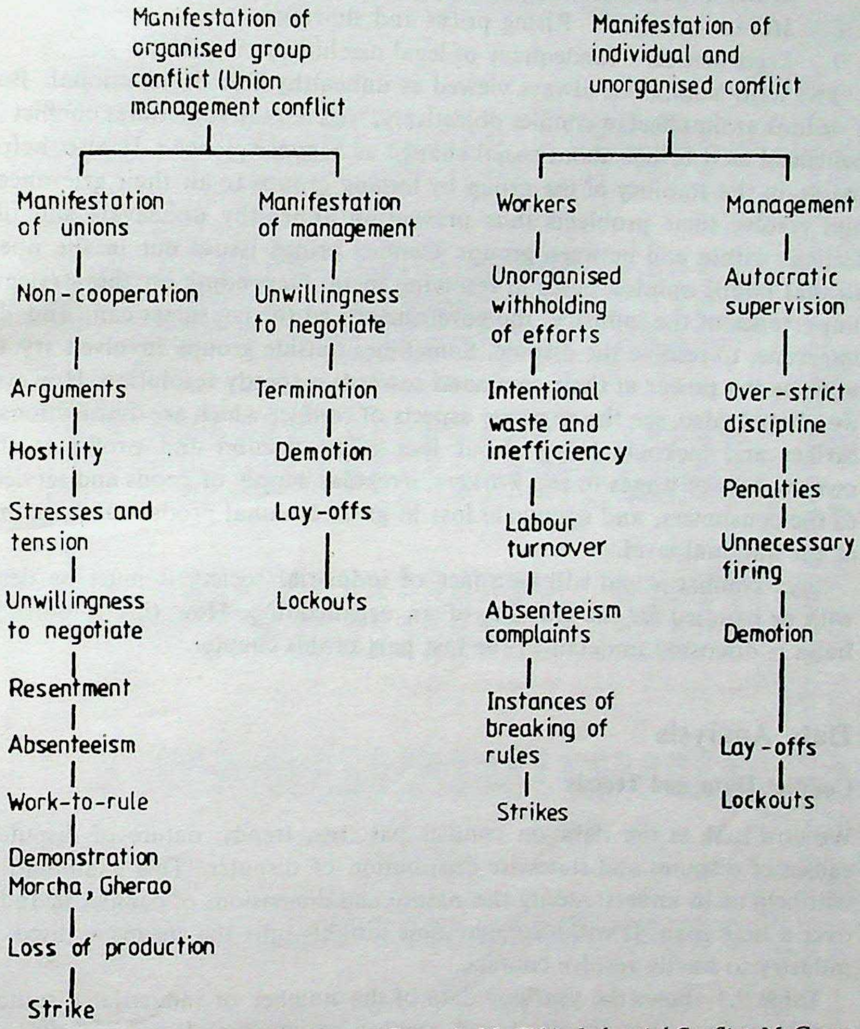

CHART 9.1 Manifestations of Conflict

Manifestation of organised group conflict (Union management conflict
Manifestation of individual and unorganised conflict
Manifestation of unions
Non-cooperation
Arguments
Hostility
Stresses and tension
Unwillingness to negotiate
Resentment
Absenteeism
Work-to-rule
Demonstration Morcha, Gherao
Loss of production
Strike
Manifestation of management
Unwillingness to negotiate
Termination
Demotion
Lay-offs
Lockouts
Workers
Unorganised withholding of efforts
Intentional waste and inefficiency
Labour turnover
Absenteeism complaints
Instances of breaking of rules
Strikes
Management
Autocratic supervision
Over-strict discipline
Penalties
Unnecessary firing
Demotion
Lay-offs
Lockouts

Source: Kornhauser, A., Dubin, R., and Ross, A. M. (Ed.), *Industrial Conflict*, McGraw-Hill, New York, 1954, p. 14.

Numerous causes lead to industrial conflict falling into the following broad categories:

1. *Economic causes:* Wage, bonus, overtime payment, etc.
2. *Political causes:* Political instability, various parties, and their affiliations with unions.

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[1] A. Kornhauser, R. Dubin and A. M. Ross (Ed.), *Industrial Conflict*, New York, McGraw-Hill, 1954.

3. *Social causes:* Low morale in society, permissiveness, bankruptcy of social values and norms.
4. *Technological causes:* Unsuitable technology, i.e. difficulty in technology adaptation, resistance to change, fear of unemployment.
5. *Psychological causes:* Conflict in individual and organizational objectives, motivational problems, personality and attitude.
6. *Market situation:* Rising prices and shortages.
7. *Legal causes:* Inadequacy of legal machinery, injustice.

The term 'conflict' is always viewed as unhealthy and dysfunctional. But if we look at the effect of conflict objectively, we see that sometimes conflict is beneficial as it brings about social change as a consequence.[2] It also helps maintain the stability of the group by forcing groups to air their grievances and resolve their problems thus preventing unhealthy upheavals and ill-feelings within and between groups. Conflict brings issues out in the open so that public opinion helps in resolving them. Depending on the strategic importance of the industry, the government and the consumer can, and do intervene, to resolve the dispute. Sometimes outside groups involved try to exercise the power at their command towards a speedy resolution. However we should also see the negative aspects of conflict which are dysfunctional. Strikes and lockouts bring about loss of production and profits to the owners, loss of wages to the workers, irregular supply of goods and services to the consumers, and aggregate loss in gross national product and income at the national level.

Since conflict is and will be a fact of industrial society it must be dealt with or handled for the viability of an organization. How this is done in India is discussed in detail in the last part of this chapter.

Data Analysis

Conflict Data and Trends

We now look at the data on conflict patterns, trends, nature of disputes, causes of disputes and statewise distribution of disputes. This examination will help us in understanding the nature and dimensions of conflict in India over a time span. It will also give some insights into the means utilised in industry to finally resolve conflict.

Table 9.1 shows the yearwise data of the number of industrial disputes, number of workers involved and number of mandays lost from 1961 to 1982.

It is clear from the table that there is an increasing trend over the years except for the years 1975 and 1976. In 1976 emergency was proclaimed, and after it was lifted again there was a sudden increase in the disputes in 1977. In the case of the number of workers involved and the number of mandays lost, there is an increasing trend, except for 1976.

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[2] Kornhauser op. cit.

TABLE 9.1 Industrial Disputes Classified by Strikes and Lockouts

Year	Number of Disputes			Number of Workers Involved			Number of Mandays Lost ('000)		
	Strike	Lockout	Total	Strike	Lockout	Total	Strike	Lockout	Total
1961	1,240	117	1,357	4,32,336	79,524	5,11,860	2,969	1,956	4,919
1962	1,396	95	1,491	5,74,610	1,30,449	7,75,059	5,059	1,062	6,121
1963	1,364	107	1,471	4,90,701	72,420	5,63,121	2,229	1,040	3,259
1964	1,981	170	2,151	8,75,905	1,27,050	10,02,955	5,724	2,001	7,725
1965	1,697	138	1,835	8,89,366	1,01,798	9,91,158	4,617	1,853	6,470
1966	2,353	203	2,556	12,62,224	1,47,832	14,10,056	10,377	3,469	13,846
1967	2,433	382	2,815	13,39,617	1,50,729	14,90,346	10,565	6,583	17,148
1968	2,451	325	2,776	14,64,992	2,04,302	16,69,294	1,078	6,166	17,244
1969	2,344	283	2,627	16,86,943	1,39,923	18,26,866	15,477	3,571	19,048
1970	2,598	291	2,889	15,51,530	2,76,222	18,27,752	14,749	5,814	10,563
1971	2,478	274	2,752	14,76,203	1,38,937	16,15,146	11,803	4,743	16,946
1972	2,757	386	3,243	14,74,656	2,62,081	17,36,737	13,748	6,796	10,544
1973	2,956	412	3,276	23,58,206	1,87,396	25,45,602	13,862	6,764	20,626
1974	2,510	428	2,398	27,09,838	1,44,785	28,54,623	33,643	6,619	40,262
1975	1,644	306	1,944	10,32,609	1,12,673	11,45,282	16,706	1,594	22,300
1976	NA	NA	1,459	NA	NA	7,37,000	2,850	9,950	12,800
1977	NA	NA	2,230	NA	NA	15,75,000	10,500	10,900	21,200
1978*	1,958	345	2,303	10,55,395	2,00,366	12,55,762	9,667	7,282	16,976
1979	2,753	530	3,283	27,90,558	2,26,528	30,17,086	32,589	6,955	39,544
1980	2,843	587	3,430	17,57,131	3,37,452	20,94,533	11,875	9,902	21,757
1981	1,902	464	2,366	9,07,805	3,17,853	12,25,658	10,753	10,068	20,821
1982	1,847	537	2,384	10,56,244	3,16,267	13,72,511	16,238	12,150	28,388

*Data for three quarters of a year.

Source: *Indian Labour Journal*, Labour Bureau, Ministry of Labour, Department of Labour, Government of India (**20**(7), July 1979; **20**(10), Oct. 1979; **22**(6), June 1981; **22**(7), July 1981; **22**(8), Aug. 1981; **22**(11), Aug. 1981; **23**(3), March 1982; **23**(5), May 1982; **23**(11), Nov. 1982; **24**(5), May 1983; **24**(8), Aug. 1983).

The same data is elaborated in three sections, graphically, to understand in detail, the magnitude and trends of industrial disputes, number of workers involved, and the number of mandays lost (Fig. 9.1, 9.2 and 9.3).

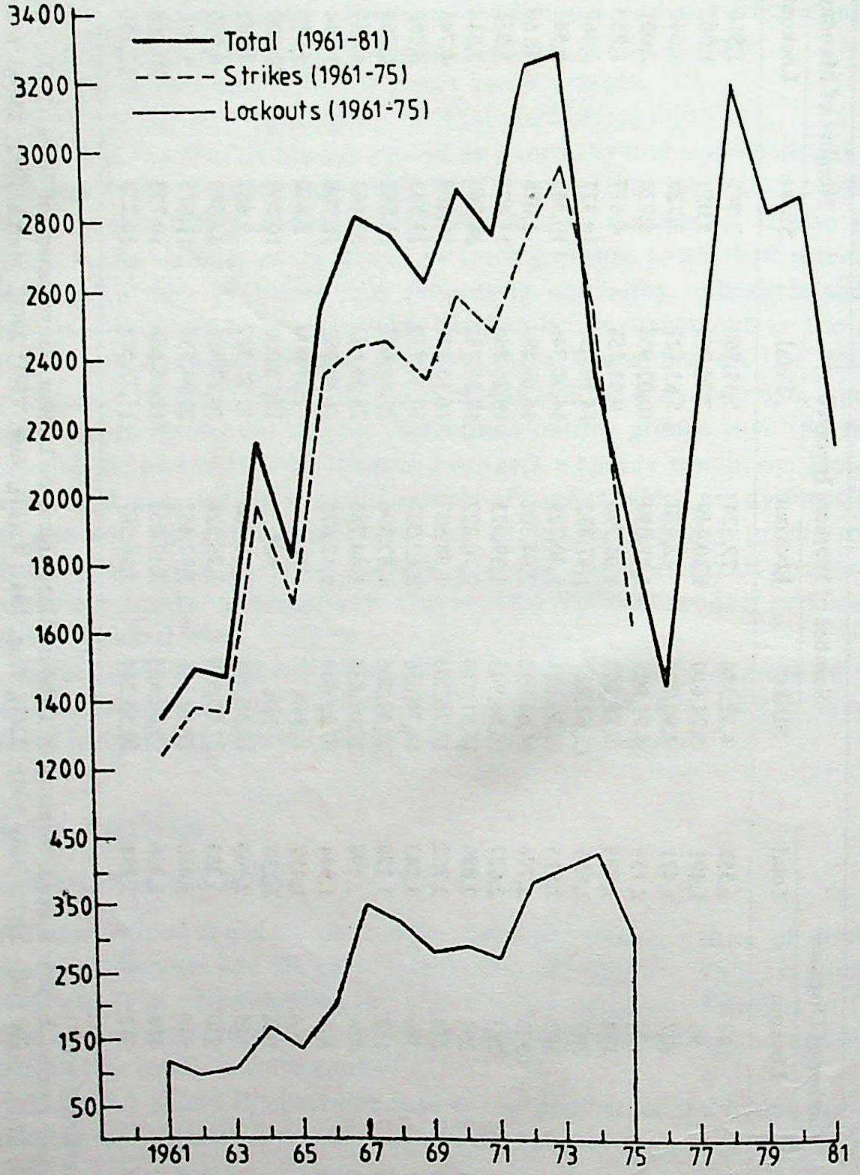


FIG. 9.1 Number of Disputes

Table 9.2 shows the distribution of industrial disputes by causes (from 1951 to 1981). These causes are categorised into wages and allowances, bonus, personnel and retrenchment, leave, industrial violence, others, and from 1976 another category of causes titled 'Not known' is added. Table 9.2 also shows the percentage of disputes by causes, to the total number of disputes.

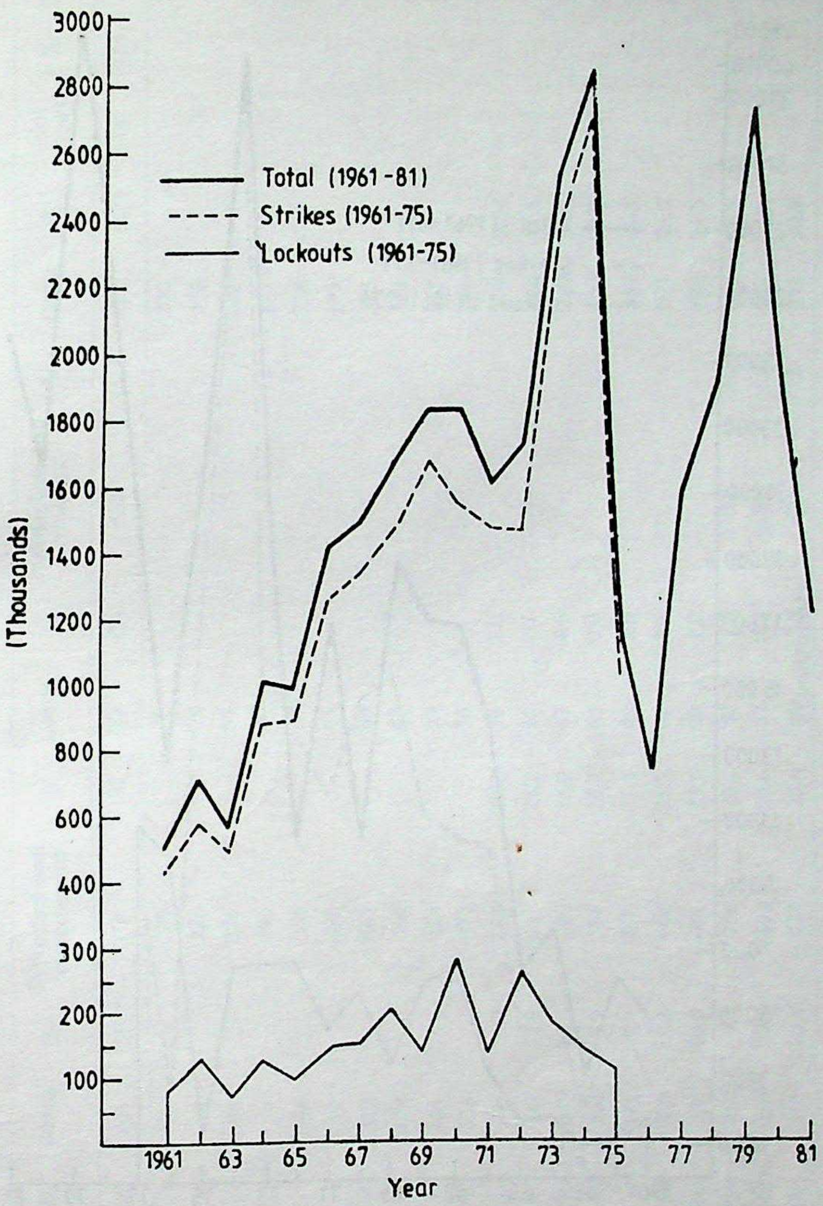


FIG. 9.2 Number of workers Involved

The data for 1978 and 1979 is not complete and for 1980 and 1981 provisional figures are available. It is clear that wage and bonus (if they are combined) are a major cause, on an average of 42% of the disputes. The next cause is 'Personnel and Retrenchment'. This constitutes 25% of the total disputes. 'Others' constitute 23.4%, industrial violence 7.4%, and causes not known for 4.7% of the total disputes. From the data that is available, we can say that strikes occur mainly due to economic reasons.

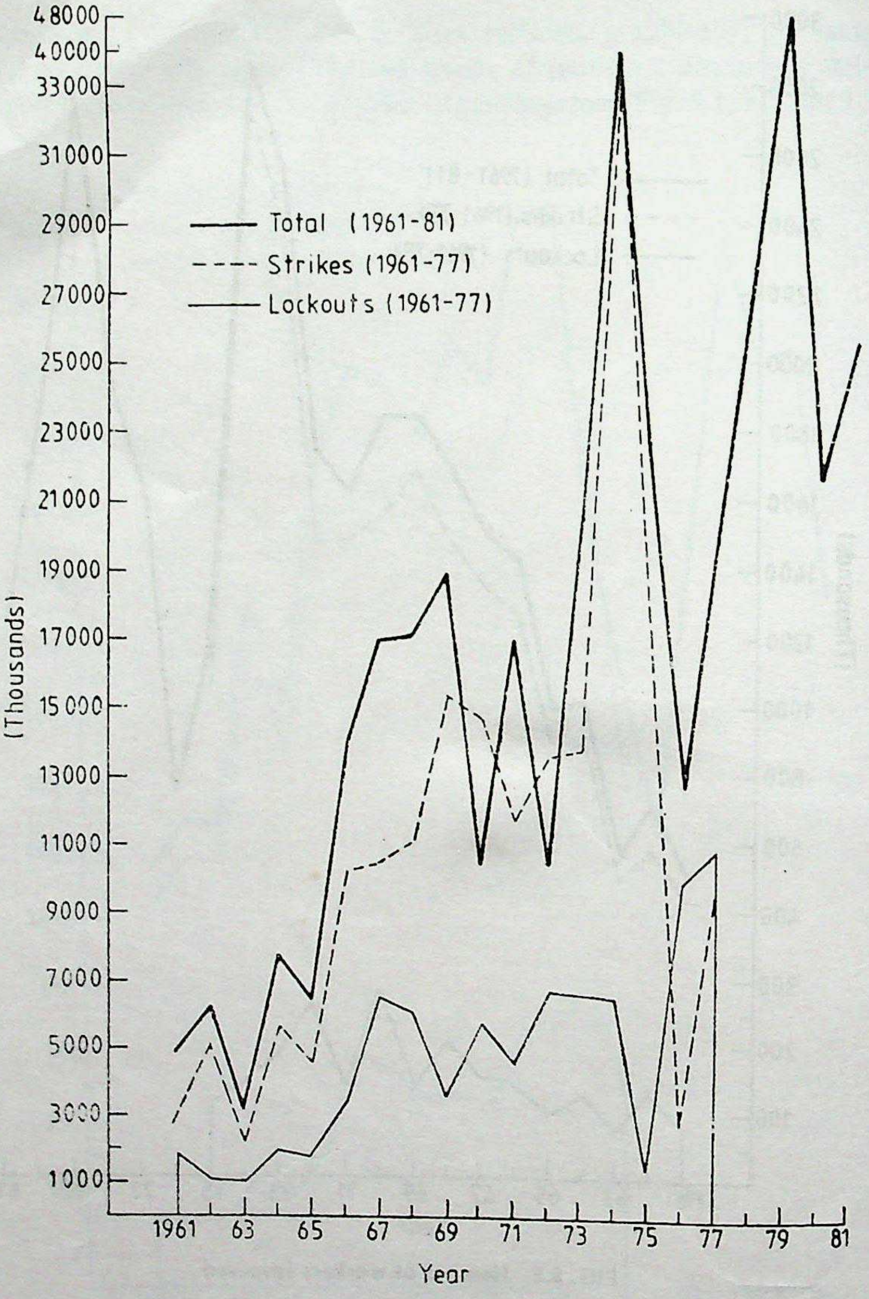


FIG. 9.3 Number of mandays lost

Table 9.3 presents the data on the percentage distribution of conflicts by results, i.e. whether a particular conflict was resolved by a settlement of the two parties or not or was partially successful etc. (from the workers' point of view). It shows that on an average 29% of the conflicts were successfully resolved and a settlement was arrived at. The percentage of 'Failure' is as high; on an average 35% of conflicts are not resolved at all. As seen

TABLE 9.2 Distribution of Industrial Disputes by Causes

Year	Wages and allowance	%	Bonus	%	Personnel and retrenchment	%	Leave	%	Indiscipline and violence	%	Other	%	Not known	%	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
1951	302		70		301		84				270				1027
1952	284		94		326		72				158				934
1953	201		76		276		35				142				750
1954	240		54		296		80				131				801
1955	277		194		366		58				228				1123
1956	312		97		438		63				193				1103
1957	461		212		481		98				325				1557
1958	462		174		500		48				330				1514
1959	404		154		434		55				445				1492
1960	559		158		372		36				381				1506
1961	399	30.4	91	6.9	385	29.3	39	3.0			399	30.4			1313
1962	445	30.2	181	12.3	371	25.2	10	0.7			466	31.6			1473
1963	408	27.8	147	10.0	380	25.9	67	4.6			465	31.7			1463
1964	741	34.0	168	7.9	581	24.7	42	2.0			590	27.8			2122
1965	611	33.5	181	9.9	498	27.3	46	2.5			489	26.8			1825
1966	908	35.8	335	13.2	642	25.3	61	2.4			591	23.3			2537
1967	1101	39.9	301	10.9	651	23.6	28	1.0			679	24.6			2760
1968	1043	38.4	255	9.4	766	28.2	52	1.9	87	3.2	514	18.9			2717
1969	939	36.0	261	10.0	694	26.6	57	2.2	99	3.8	958	21.4			2608
1970	1055	37.1	301	10.6	728	25.6	60	2.1	108	3.8	591	20.8			2843

(*Contd.*)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
1971	934	34.3	384	14.1	626	23.0	38	1.4	98	3.6	643	23.6			2723
1972	1003	31.8	265	8.4	763	24.2	44	1.4	161	5.1	918	29.1			3154
1973	1124	34.1	339	10.3	801	24.3	49	1.5	188	5.7	794	24.1			3299
1974	1034	36.1	176	6.2	759	26.5	46	1.6	178	6.2	670	23.4			2863
1975	612	32.0	153	8.0	573	29.8	39	2.3	171	8.9	364	19.0			1912
1976	332	23.4	196	13.8	424	29.9	41	2.9	140	9.9	285	20.1	41	2.8	1459
1977	925	31.2	450	15.2	681	23.0	66	2.2	261	8.8	581	19.6	153	4.9	3117
1978	887	28.7	308	9.9	740	24.2	62	2.0	330	10.7	757	24.5	93		3187
1979	927	31.9	255	8.8	633	21.7	69	2.4	264	9.1	758	26.1	142		3048
(P)1980 (Apr.-Dec.)	461	24.8	147	7.9	395	21.3	28	1.5	173	9.3	558	30.0	98	5.3	1857
(P)1981	500	23.5	166	7.8	445	20.9	31	1.5	279	13.1	582	27.3	127	6.0	2130
1982	505	25.1	91	4.5	446	22.1	28	1.3	247	12.3	507	28.13	131	6.5	2016
Average (Approx.)		31.9		9.9		25.1		2.0		7.4		23.4		4.7	

P = Provisional.

Source: *Indian Labour Journal*, 1951 to 1981, Labour Bureau, Ministry of Labour, Dept. of Labour, Government of India.

TABLE 9.3 Percentage Distribution of Conflicts by Results (Labour)

Year	Successful	Partially successful	Failure	Indefinite	Total number of conflicts
1961	28.8	19.5	29.5	22.2	1139
1962	30.2	18.3	30.7	20.8	1395
1963	23.4	17.9	41.0	17.7	1398
1964	27.7	14.8	37.2	20.3	2039
1965	30.7	13.5	35.9	19.9	1760
1966	31.6	16.5	31.4	20.5	2356
1967	33.3	15.8	34.7	16.2	2556
1968	30.6	18.4	36.3	15.3	2538
1969	35.2	17.1	31.2	16.5	2415
1970	34.4	17.0	33.4	15.2	2614
1971	26.4	23.4	34.4	15.8	2512
1972	29.7	23.9	34.9	14.4	2830
1973	36.6	20.8	33.1	9.5	2870
1974	31.5	21.1	38.5	8.9	2433
1975	23.7	26.1	40.8	9.4	1642
1976	20.5	27.1	44.1	8.3	1459
1977	29.7	27.6	33.0	9.7	3117
1978	33.4	23.9	37.8	4.9	2481
1979	28.1	23.7	44.3	3.9	2260

Source: *Indian Labour Statistics*, various issues, Labour Bureau, Ministry of Labour, Government of India, Chandigarh.

from the table the percentage for successful resolution of conflict is declining and that of failure is increasing leading to the conclusion that conflict resolution by negotiation and conciliation is declining and resort to arbitration and adjudication, i.e. government intervention, is increasing.

Table 9.4 gives the state-wise distribution of mandays lost due to conflict from 1975–1981 (1979 data is not available). It is clear that some of the states are conflict-prone whereas others are quite free from this malaise. In some of the states the trend is increasing, for example, in Andhra Pradesh, Tamil Nadu, Gujarat, etc. A declining trend has been observed in the case of Bihar, Karnataka, etc. As is clear in the case of West Bengal the number of mandays lost is the highest compared to all other states followed by Maharashtra, Tamil Nadu and Gujarat.

It should be noted that some states may, relatively speaking, be less industrialised and hence their conflict-proneness may be low.

Conflict Resolution

These days not only the employers and workers, but also the government and the public at large, are equally concerned about disputes, since conflicts, if not resolved in time, take the form of strikes or lockouts resulting in loss

TABLE 9.4 State-wise Break-up of Mandays Lost (April-December) (000's)

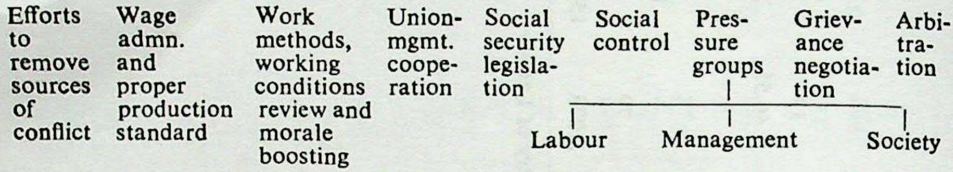
Sl. No.	State	1974	1975	1976	1977	1978	1979	1980	1981	1982
1.	Andhra Pradesh	646	418	112	700	1000	N.A.	283	263	1629
2.	Assam	1714	103	6	—	—		73	11.5	2
3.	Bihar	2181	764	121	1656	1200		802	1512	1325
4.	Gujarat	944	596	43	200	750		965	686	747
5.	Haryana	218	23	25	—	—		196	40.7	1
6.	Himachal Pradesh	2	—	—	—	—		6	5.8	—
7.	Jammu and Kashmir	3	1	—	—	—		1	9	—
8.	Karnataka	423	684	275	650	400		2366	57	323
9.	Kerala	3647	501	68	—	—		277	627	621
10.	Madhya Pradesh	429	102	23	2100	700		159	915	301
11.	Maharashtra	10488	1399	564	3100	3400		1670	817	78
12.	Manipur	5	—	—	—	—		1.47	23	2
13.	Meghalaya	—	—	—	—	—		—	—	—
14.	Nagaland	—	—	—	—	—		—	—	—
15.	Orissa	255	292	36	—	—		149	76	75
16.	Punjab	57	96	38	—	—		54.59	6.0	73
17.	Rajasthan	117	723	19	—	—		279	701	396
18.	Sikkim	—	—	—	—	—		—	—	—
19.	Tamil Nadu	3186	1851	1076	2800	2650		2549	3261	1997
20.	Tripura	12	1	—	—	—		—	—	—
21.	Uttar Pradesh	1507	1528	1205	1600	2210		231	685	259
22.	West Bengal	13126	13684	9067	8488	9822		1640	5314	4825
23.	Andaman and Nicobar	14	2	1	—	—		22	30.9	75

24.	Arunachal Pradesh	—	—	—	—	—	—	6	—
25.	Chandigarh	32	7	—	—	—	1	55	2
26.	Dadra and Nagar Haveli	—	—	—	—	—	19	59	—
27.	Delhi	318	38	23	—	—	46.55	211	172
28.	Goa, Daman and Diu	39	85	8	—	—	6	—	77
29.	Lakshadweep	—	—	—	—	—	—	—	—
30.	Mizoram	—	—	—	—	—	—	127	—
31.	Pondicherry	329	22	38	—	—	79	—	129
	Total	40262	22300	12746	21294	22132	11278	15446	13109

Source: *Indian Labour Journal*, Issues of 1979, 1980, 1982, 1983, Labour Bureau, Government of India, Ministry of Labour.

or profits, wages, production and supply of goods. There are various ways to cope with industrial conflicts. They are depicted in Chart 9.2

CHART 9.2 Dealing with Industrial Conflict


Efforts to remove sources of conflict
Wage admn. and proper production standard
Work methods, working conditions review and morale boosting
Union-mgmt. cooperation
Social security legislation
Social control
Pressure groups
Grievance negotiation
Arbitration
Labour
Management
Society

In India, the various measures of conflict resolution can be broadly categorised into statutory measures, nonstatutory measures, and government-sponsored guidelines, as shown in Chart 9.3. Statutory measures relate to the various types of machinery set up by government under the Industrial Disputes Act, 1947 (like labour courts, industrial and national tribunals, etc.) for specific conflicts which the government refers to the respective authorities. (Moreover, formation of works committees etc. are also statutorily provided for, to see that the conflict is resolved in time.) Several non-statutory measures like the code of discipline, workers' participation in management, and collective bargaining, which is voluntary in nature, are supported by government and help in resolving the conflict. These nonstatutory measures encourage a resolution through negotiation between the two parties and thus, by their very nature, speed up the process and cut short the long procedures. Also, intervention by a third party can be considerably minimised or done away with altogether. The government labour departments both at the Centre and the States have a considerable role to play in maintaining industrial harmony. We shall examine the various methods in some detail below.

Non-Statutory Measures

Code of Discipline*

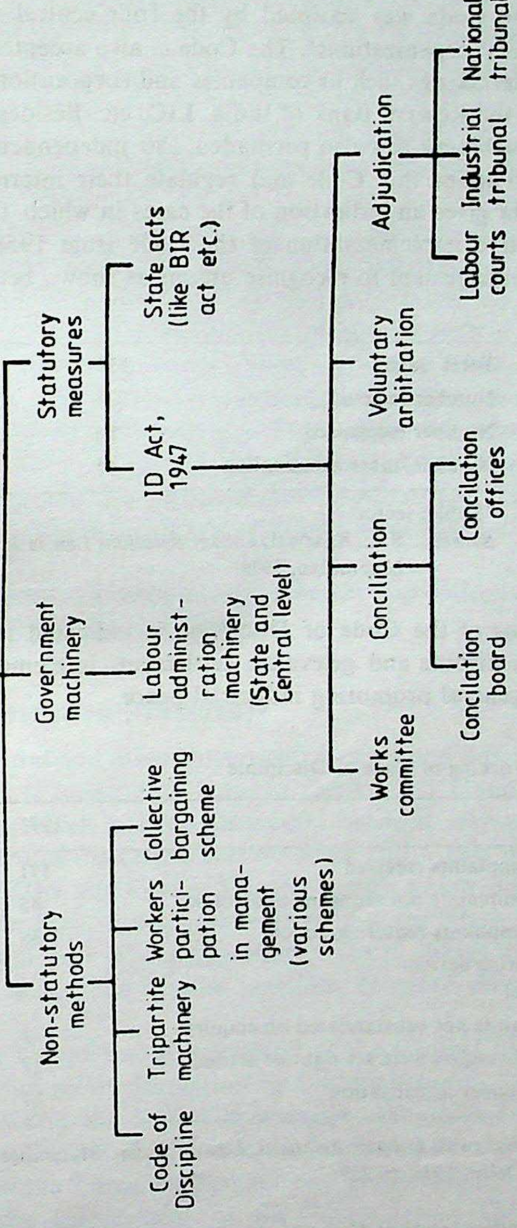
It contains self-imposed obligations formulated by the central organization of employers and workers voluntarily. It came into effect in June 1958. The government has set up various agencies at the Centre and State level to implement the Code of Discipline. At the Centre it is the Central Industrial Relations Machinery.

The Code of Discipline provides guidelines for the employers, workers and the unions. It also stipulates that the management and the union should utilise the existing machinery for settlement of their disputes expeditiously, and they should neither resort to strikes or lockouts nor to unfair work practices like go slow, coercion, intimidation, etc. In order to maintain discipline in the industry, both in the public and private sectors, workers

*See Appendix 1 for the Code of Discipline.

CHART 9.3

Measures of conflict resolution



Non-statutory methods
Government machinery
Statutory measures
Code of Discipline
Tripartite machinery
Workers partici-pation in mana-gement (various schemes)
Collective bargaining scheme
Labour administ-ration machinery (State and Central level)
ID Act, 1947
State acts (like BIR act etc.)
Works committee
Conciliation
Voluntary arbitration
Adjudication
Concilation board
Concilation offices
Labour courts
Industrial tribunal
National tribunal

and employers should recognise their rights and responsibilities defined by law and agreements and both the parties should discharge their obligations properly and willingly. The Code of Discipline also specifies the various steps for dealing with industrial relations problems.

Initially the Code was accepted by the four central workers' and the three employers' organizations[3]. The Code is also accepted by various public sector undertakings such as companies and corporations and also by the State Banks, the Reserve Bank of India, LIC, etc. Besides this, the implementation machinery has also persuaded 180 independent employers and 166 unions to adopt this Code and regulate their interrelationships. The following data gives an indication of the cases in which the machinery set up for effective implementation of the Code from 1958–73 succeeded in persuading management to recognise unions as shown below.

Total claims	357	246*
Number rejected	226	153*
Number recognised	86	63*
Number under examination	45	30*

*Public sector.

Source: S. L. Agarwal, *Labour Relations Law in India*, Macmillan, 1978.

The working of the Code of Discipline is indicated in Table 9.5. This data refers to dispute and grievance settlement, implementation of labour laws and in general promoting industrial peace.

TABLE 9.5 Working of Code of Discipline

	1973	1974	1975
Number of complaints received	171	135	66
Number of complaints not requiring any action	85	19	11
Number of complaints requiring action	86	116	55
Of those requiring action:			
Percentage of			
(a) Complaints not substantiated on enquiry	1	—	—
(b) Where breaches were set right or settled	12	—	51
(c) Others under investigation	87	100	49

Source: S. L. Agarwal, *Labour Relations Law in India*, Macmillan Company of India Ltd., Delhi, 1978, p. 227.

The data indicates that this voluntary measure has not achieved the level of acceptance and success that was envisaged though efforts are still continuing.

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[3] S. L. Agarwal, *Labour Relations Law in India*, Delhi, Macmillan, 1978.

Tripartite Machinery

It consists of the Indian Labour Conference, the Standing Labour Committee and the Industrial Committees at the Centre. Similar bodies have also been set up to deal with specific subjects—the National Council on Training in Vocational Trades and the Central Committee on Employment deal with employment and training respectively. The Standing Labour Committee advises the government on any labour matter referred to it. Generally these committees include government representatives from the State and Centre, and an equal number of representatives from workers' and employers' organizations.

Important legislative proposals are discussed and recommended by the Indian Labour Conference and Standing Labour Committees. Such proposals include the Enactment of Industrial Employment (Standing Orders) Act, 1946, the Factories Act, 1948, the Revision of Employment of Children Act, 1938, etc. Apart from legal proposals, other important issues like workers' education, workers' participation in management (WPM), training within industry, etc. are discussed by such tripartite bodies, and recommendations are made. When unanimous conclusions and recommendations are reached they are treated as commitments by the parties concerned. Thus, over the years, these institutions have become a powerful instrument in the formulation of labour policy.

Workers' participation in management schemes and collective bargaining schemes are discussed in detail elsewhere.

Labour Administration Machinery

In India both Central and State Governments enact and administer labour laws.[4] The division of jurisdiction between Centre and States is provided by the Constitution which makes a distinction between matters within the exclusive jurisdiction of the Centre and the State and within the concurrent jurisdiction of the State and Centre. It is the Centre which plays the main role in laying down laws, making provisions and the State Governments with the assistance of their labour departments are in charge of law enforcement. The Centre in addition has the functions of coordination through a variety of offices.

The Ministry of Labour and Employment of the Central Government is the main agency for policy formation and administration in all labour matters. Together with the State Governments, the local bodies and the Statutory Corporations/Boards, it sees to the implementation of these policies and the decisions of the Tripartite Committees. These four agencies are also responsible for the enforcement of the labour laws.[5] The Ministry of

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[4] International Labour Organization, *Role, Functions and Institutional Development of Labour Administration*, Geneva, 1973.

[5] Agarwal, op. cit.

Labour and Employment at the Centre discharges the functions entrusted to it through a number of Directorates which are described briefly below.

1. *Directorate General of Employment and Training* (*DGET*): DGET lays down policy for running of the employment exchanges and the industrial training institutes. It also runs seven Central Training Institutes for craft instructors and two research institutions.

2. *Office of the Chief Labour Commissioner* (*CLC*) (*Central*): This is also called the Central Industrial Relations Machinery (CIRM). He has the following functions: administration of labour laws; verification of membership of registered unions for granting recognition under the Code to industries which come under the purview of the Central Government; determination of membership of the central federations for representation at national and international forums; supervision of implementation of the Code. But his main duties relate to resolving disputes.

3. *The Director General of Mines Safety* (*DGMS*): It looks into the working conditions and implementation of the Mines Act, 1952, and the Maternity Benefit Act, 1961, in mines other than coal mines.

4. *The Directorate General of Factory Advice Service and Labour Institutes*: Provides advisory service to the factory inspectorates of different states. Conducts research in problems relating to safety, health, welfare and productivity. It runs a Central Labour Institute and the Regional Labour Institutes.

Other offices connected with the Central Labour Ministry are:

The Industrial Tribunals set up in different centres for industries for which the Central Government is the appropriate government. There are eight such tribunals dealing with disputes in the central sphere in India (Ministry of Labour, 1981).

Wage Boards, Commissions, Committees of Enquiry, ESI Corporations, the Central Board of Workers' Education, Safety Councils which are ad-hoc bodies. (Note: Most of these have been dealt with elsewhere.)

While the labour secretary is overall in charge of both policy and administration, the commissioner of labour in the states is the operative arm for the implementation of labour laws. He is the Registrar of Trade Unions. In some states, he has the functions of the State Director of the National Employment Service or of the Chief Inspector of Factories. In the states where there is no separate authority for labour welfare, the Commissioner (State) looks after this function.

Statutory Measures

Since Labour falls in the Concurrent List, the State Governments are free to legislate their own labour laws. For example, Uttar Pradesh, Madhya Pradesh, Gujarat, Rajasthan and Maharashtra have their own laws to resolve industrial conflicts. For the states which have their own acts, the Industrial Disputes Act, 1947 is applicable to industries not covered by the State

Legislations. In addition, the Defence of India Rules 114, 118, and 119 govern industrial relations but they can be used only during an emergency by the Government. Though the Industrial Disputes Act, 1947, is a Central Legislation, it is administered by the Central and State Governments in their respective spheres.

Industrial Disputes Act, 1947

The Industrial Disputes Act, 1947*, was enacted to promote industrial peace by providing appropriate machinery for amicable settlement of disputes arising between employers and employees. The principal objects of this Act are as follows:

1. The promotion of measures to secure cordial relations between labour and management.
2. Investigation and settlement of industrial disputes (for which machinery is provided).
3. Prevention of illegal strikes and lockouts.
4. Provision of relief in matters of lay-off and retrenchment.

Several authorities are named for purposes of investigation and settlement of disputes. They are:

1. Works committees (discussed in chapter on workers' participation in management)
2. Conciliation officers
3. Board of conciliation
4. Court of enquiry
5. Arbitration (voluntary)
6. Labour courts } Compulsory arbitration
7. Industrial tribunals } or
8. National tribunals } adjudication

Conciliation

In the field of industrial relations, conciliation has been most frequently used for settling disputes. Conciliation can be defined as "the practice by which the services of a neutral third party are used in a dispute as a means of helping the disputing parties to reduce the extent of their differences and to arrive at an amicable settlement or agreed solution."[6] The objective of this method is to expedite settlement of disputes and to terminate work stoppages if they have already occurred.

In India, the ID Act, 1947, and the BIR Act, provide for conciliation.

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*The ID Act, 1947, has been amended many times. The ID Act, Amendment Bill, 1982, has relevance to industrial conflict resolution in the sense that it has proposed (the Bill has since been passed) amendments for speedier resolution of conflicts. Appendix 4 indicates the main provisions of this bill.

[6] International Labour Organization, *Collective Bargaining, a Worker's Education Manual*, Geneva, 1973.

Conciliation under the Industrial Disputes Act, 1947

The Act provides for conciliation as a method for settlement of disputes. To achieve this, the appropriate government, after notifying in the Official Gazette, can either appoint conciliation officers (permanently or for a limited period) or constitute a board of conciliation.

Conciliation, under the provisions of this Act, is compulsory for public utility services while it is not so in private ones.

The conciliation officer, in conciliation proceedings, tries to bring the two parties together, towards a settlement of their disputes. In this process, he listens to the case of both the parties, either jointly or singly, and proposes a compromise or a solution to the problem, which may or may not be acceptable to the parties. Thus there may be many rounds of discussion and mediation. It is essentially a process of trying to bring the two parties together, without an imposition of the conciliation officer's decision.

The conciliation officer has to mediate on a particular case within 14 days and then send a report to the government giving details of the steps taken to settle the dispute, listing the reasons for success or failure in reaching an agreement. The Board of Conciliation has to finish its work within two months and submit the report to the government. The functions of both the institutions are the same.

The Board of Conciliation is a higher forum which is constituted for a specific dispute. This is not a permanent institution like the conciliation officers. The Board consists of an equal number of representatives of employers and employees and an independent chairman, who is selected and appointed by the government.

Although neither the conciliation officer nor the board submit any recommendations, it is on the basis of their report that the government refers the dispute for adjudication.

Conciliation is not judicial in character under the provisions of the 1947 Act, but an administrative activity since it is executed by a governmental agency.

At the state level, it is usually the commissioners of labour, additional commissioners and the deputy commissioners of labour who are notified as conciliation officers, for disputes arising in undertakings employing more than 20 workmen. Labour officers act as conciliation officers for disputes arising in undertakings employing less than 20 workmen.

The conciliation proceedings for disputes arising in industries, for which the Central Government is the appropriate authority are undertaken by the State Branch Officers of the Central Labour Commissioner's Office (New Delhi).

If the efforts of the conciliation process result in a settlement, then due to the process of consensus it is binding on all the parties to the industrial dispute, and it will come into operation on the data agreed upon by the parties to the dispute, and will be binding for such period as is agreed upon by the parties.

Court of Enquiry

A court of enquiry is another authority set up by the government under Industrial Disputes Act, for enquiring into any matter connected with a dispute. It is meant for voluntary settlement of disputes. It consists of one or more members, which is decided by the appropriate government. A court of enquiry has to submit its report in writing to the government within 6 months from the commencement of its enquiry. This report is published by the government subsequently. The ID Act provides the procedure for a court of enquiry and its proceedings are judicial in nature within the meaning of Sections 193 and 228 of the Indian Penal Code 1980.[7]

Arbitration

Arbitration is different from conciliation in the following aspects: (i) its decision is binding on the parties; (ii) the arbitrator gives his judgement on the basis of the evidence submitted to him by employers and the employees (unions).

Arbitration is either voluntary or compulsory. In the former process, both the parties show willingness to go to an arbitrator and submit to his decision, whereas in the latter the parties are forced to arbitration by the power of the State. This method of settling disputes is used when the parties fail to solve them by the voluntary method. This is also called adjudication. This will be discussed in detail later.

Arbitration Under the Industrial Disputes Act, 1947

The Act provides for voluntary arbitration. This can be resorted to by a mutual agreement between the employers and the employees. If any dispute exists or is apprehended, it may be referred for arbitration any time before the dispute has been sent for adjudication under the provisions of the ID Act, 1947. One condition must be met before a dispute is referred jointly for arbitration, which is, that the parties must represent the majority of their respective sides. Otherwise the government can reject the request for arbitration.

The contending parties can refer a dispute to an arbitrator acceptable to them and submit such agreement to the government, which may later be published in the Official Gazette.[8] If it is published, it is applicable to the parties contending, and to all persons summoned to appeal in the proceedings. If it is not published it is applicable to the parties who have agreed to refer the dispute for arbitration. One main difference between the award of arbitration and that of adjudication is that the former cannot be appealed against in any court except under Article 226 of the Constitution, in a High Court.

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[7] V. G. Goswami, *Labour and Industrial Laws*, Allahabad, Central Law Agency, 1980.

[8] B. R. Seth, *Labour Laws: A Supervisor Should Know*, New Delhi, All India Management Association, 1978.

In order to encourage this process for solving industrial disputes the Government of India has set up National Arbitration Promotion Boards in all the states.

Adjudication

The differences between arbitration and adjudication have been discussed in Table 9.6. Compulsory arbitration is also called adjudication. It is a process

TABLE 9.6 Differences between Arbitration and Adjudication

	Arbitration	Adjudication (Compulsory Arbitration)
1.	It is a voluntary method of resolving industrial disputes. It is resorted to before the dispute is referred to a labour court, industrial tribunal or national tribunal	It is compulsory and is the ultimate remedy for resolving industrial disputes provided by the ID Act, 1947
2.	The power to refer an industrial dispute to an arbitrator is derived from the written agreement made by the employers and the workmen together and it is these two parties together who agree to refer a dispute to arbitration. The ID Act, 1947, also provides for arbitration	The power to adjudicate upon disputes is statutory in the sense that it is derived from the provisions of the ID Act, 1947 and it is the appropriate government which refers industrial disputes to the adjudicatory bodies namely labour courts and industrial tribunals
3.	Arbitrator/arbitrators are specified in the written agreement. The number of arbitrators are one or more than one	The presiding officers of these adjudicationary bodies are appointed by the appropriate government only and all these consist of one person only
4.	The appropriate government can issue notification to the parties who are not bound by the arbitration agreement but are concerned in the dispute to present their case before arbitrator/arbitrators	No such provision when a dispute is referred to labour courts/industrial tribunals/national tribunals
5.	Though the decisions of both the bodies are quasi-judicial in nature and arbitration award is amenable to the jurisdiction of the High Court only under Article 136 against this award would be incompetent	The awards of these bodies are also quasi-judicial in nature. After they are published in the Official Gazette they are amenable only to Constitutional remedies provided by Articles 136, 226, 227 of the Constitution (on grounds of defects of jurisdiction, violation of the principles of natural justice or any error of law)
6.	No such provision for arbitration	Labour courts/industrial tribunals/national tribunals can appoint one or two assessors (having special knowledge of the matter under consideration for adjudication to advise them in their proceedings)
7.		All the three bodies shall be deemed to be civil courts (by the Act) for the purposes of the Sections 480, 482, 484 of the Code of Criminal Procedure, 1898

of dispute settlement wherein the government submits the case to a competent authority and enforces its award on the parties. The procedure of adjudication involves "compulsory attendance of witnesses, compulsory powers of investigation and compulsory enforcement of awards with penalties for breaches of these awards."[9]

If a dispute is not settled by any other method (such as conciliation/arbitration) the government may refer it for adjudication. The Act provides the machinery of adjudication, namely, the labour courts, industrial tribunals and national tribunals. The procedure and powers of these three are similar as well as provisions regarding commencement of award and period of operation of awards. Under the provisions of the 1947 Act, either the State Government or the Central Government can constitute labour courts and tribunals. But as far as the national tribunals are concerned, it is only the Central Government which can constitute them for adjudicating disputes, which, in its opinion, involve a question of national importance or any of such a nature that industrial establishments situated in more than one state are likely to be affected by such disputes.

Labour Courts. This is one of the adjudicatory bodies provided by the Industrial Disputes Act which empowers the appropriate government to constitute labour courts and refer such disputes which are given by the second schedule of the Act. (Refer Appendix 2 for matters within the jurisdiction of labour courts.) Labour courts consist of one person only, who is also called the Presiding Officer, and who is or has been a judge of a High Court.

Industrial Tribunals. This is also a one-man body (Presiding Officer). The ID Act, in its Third Schedule, mentions, matters which fall within the jurisdiction of industrial tribunals (refer Appendix 3). A look at the schedule shows that industrial tribunals have wider jurisdiction than the labour courts. Another difference between the two bodies is that industrial tribunals, in addition to the presiding officer, can have two assessors to advise him in the proceedings, and the appropriate government is empowered to appoint the assessors.

National Tribunals. This is the third adjudicatory body provided by the Act. The Act does not specifically mention matters which may be considered to be within the jurisdiction of the national tribunals. It can deal with any dispute specified in schedules I and II of the Act or any matter which is not specified therein. The Central Government (only) is empowered to constitute this body, if in its opinion:

1. the industrial dispute on hand involves "questions of national importance";
2. "the industrial dispute is of such a nature that undertakings established in more than one state are likely to be affected by such a dispute".

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[9] N. G. Singh, *Industrial Disputes and Machinery or Settlement in India*, New Delhi, Arnold Heineman, 1973.

Two assessors may be appointed by the Central Government to assist the national tribunals.

It must be borne in mind that labour courts, industrial tribunals and national tribunals are not hierarchical. It is the government's prerogative to refer a dispute to these bodies. They are under the control of the labour department of the respective State Governments or the Union Government. The contending parties cannot refer any disputes for adjudication and the awards of these bodies are binding upon them. The parties, under article 136 of the Constitution, can move a dispute to the High Court/Supreme Court.

In the last 20 years the adjudication machinery has exercised considerable influence on several aspects of labour-management relations. Table 9.6 shows the number of disputes referred for adjudication and arbitration from 1975–80. It has provided an acceptable alternative to direct action and to protect and promote the interests of workmen.

TABLE 9.7 Disposal of Disputes by Government Machinery (IRM)

Year	Number of disputes referred to IRM	Number of failure reports received	Adjudication/Arbitration			
			Number of disputes referred for		Number of disputes for which awards are given	
			Adjudication	Arbitration	In favour of workers	Against workers
1975	52,997	15,878	10,980	175	3,384	1,992
1976	54,965	15,829	9,173	90	2,663	1,741
1977	38,918	12,929	8,615	117	3,214	2,437
1978	42,978	14,713	10,477	87	3,305	2,594
1979	67,456	20,607	11,707	66	4,407	3,611
1980	47,788	15,728	13,923	58	4,234	2,836
1981(P)	17,133	5,959	4,833	21	831	516

(P) provisional

Source: *Indian Labour Journal*, 23(9), Sept. 1982, p. 1273.

In spite of this legal framework and increasing intervention by government in the field of Industrial Relations we still find that the machinery is not able to cope with the demands made on it.[10] Its record proves it to be far from successful in effective conflict resolution. Partly, this could be attributed to red tapism and bureaucratic delays and complicated procedures which are inherent in the government organization. These delays make the parties concerned impatient and they often resort to other measures to resolve their conflict.

[10] P. K. Dutt, "Speedier Adjudication", *Financial Express*, 22 (76), July 1982, p. 7.

Industrial Disputes Act, 1947: Recent Amendments

This Act has been amended many times and the recent Industrial Disputes (Amendment) Bill, 1982 is significant as far as resolution of industrial conflict is concerned.

The ID Act is applicable to all industrial and commercial establishments employing one or more workmen, and all employees, technical and non-technical and employees drawing up to Rs. 500 p.m. which was increased to 1600 p.m. by the Amendment Bill, 1982.

Industry, according to the 1947 Act, is a partnership of labour and capital and industrial product is the result of that cooperation and partnership. 'Industry' is defined by the Act as any business, trade, undertaking, manufacture or calling of employers and includes "any calling, employment, handicraft or industrial occupation or avocation of workmen."

In February 1978, the Supreme Court in its judgement in the case of Bangalore Water Supply and Sewerage Board vs. A. Rajappa gave wide amplitude to the meaning of the word 'industry' so as to bring within its scope clubs, educational and research institutions and charitable projects and laid down four criteria to decide the applicability of the ID Act to them. The criteria are:

1. There should be a systematic activity organized by cooperation between the employer and the employees for production and/or distribution of goods and services calculated to satisfy human wants and wishes, then it is an industry.
2. Absence of profit motive or gainful objective is irrelevant, be the venture in the public, joint or private or any other sector.
3. The true focus is functional and the decisive test is the nature of the activity with special emphasis on employer/employee relations.
4. If the organization is a trade or business it does not cease to be one because of philanthropy animating the undertaking."[11]

In the light of this case the Industrial Disputes Amendment Bill, 1982, gives a clearer definition of industry, appropriate government and workmen. According to the bill, industry[12] is defined as any systematic activity carried on by cooperation between an employer and his workmen for the production, supply and distribution of goods or services with a view to satisfying human wants or wishes, and whether it was motivated by considerations of profit and gain or not.

Industry includes activities of the Dock Labour Board, activities of the professional practice by industries or groups, the sales and business promotion activities carried on by an establishment, and the agricultural operations anciliary to some other predominantly industrial activity. This excludes hospitals, educational and research institutes and charitable services as these have a separate law to protect their employees. Other amendments of the ID Act, 1947 relate to the setting up of Grievance Settlement Authority (GSA) at the plant, for solving industrial disputes of individual nature. Thus when a dispute of individual nature arises, it should be referred (by the workmen or a trade union) to the GSA before it is referred to any other authority specified by the Act.

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[11] N. N. Chatterjee, *Management of Personnel in Indian Enterprises*, Calcutta, Allied Book Agency, 1978.

[12] P. G. Krishnan, "I.R. Amendment Bill 1982", *Financial Express*, July 1982.

Another amendment relates to the fixing of time limits for conciliation and adjudication proceedings. The amendment prescribes 14 days for conciliation officers, 1 month for the conciliation board and 16 weeks for the adjudicatory bodies within which they have to finish their proceedings

Another significant amendment relates to a solution to the issue of unfair labour practices. Another schedule (5th schedule of the Act) is introduced listing the unfair labour practices (Appendix 4 gives some of these). The list is a replica of those listed by Maharashtra Recognition of Trade Unions-Prevention of Unfair Labour Practices Act, 1971 (MRTU-PULP Act, 1971), and prescribes punishments for violations of these provisions.

Other Statutory Measures

Another measure used by the government is the imposition of ban on strikes/lockouts by the promulgation of the Essential Services Maintenance Ordinance which later became an act. The main features of the Act are: (i) it identifies 'essential' services, the following services coming under this category: Railways, P&T, Telephones, Ports and Docks including loading and unloading operations, Airports, Banking, production and refining of petroleum supply and distribution of petroleum products, Public Conservancy, etc. and the government has the power to declare a service as essential by notifying in the official gazettes; (ii) imposes a ban on strikes/lockouts in these services and the order shall remain in force for 6 months and may be extended for not more than six months; (iii) provides punishment for violation of the provisions of the Act.

Though the government has tried to provide an adequate framework to deal with industrial conflicts and thereby ensure industrial peace, the institutions established have not been able to resolve problems quickly which is of primary importance. Given this fact, the alternative is to have bilateral settlements between management and the unions, which is quicker and also helps to resolve the issues which the two parties are most concerned with.

Inter-Industry Propensity to Strike

We review below the four major studies that have been carried out in this field in various industries and countries.

Pandey and Pathak in their paper "Inter-Industry Conflict-Proneness in

India"[13] have tried to analyse: (i) trends in conflict-proneness in different industries in India; (ii) the extent and direction of variation in industries with regard to four measures of conflict-proneness which are:

- frequency of conflicts,
- duration of conflicts,
- participation in conflicts, and
- loss due to conflicts.

(iii) the relationship, if any, between the abovementioned measures of conflict-proneness with a view to finding out whether they move in the same or different directions.

Methodology and Findings

The authors have made a study of the nine-year period, i.e. 1959–1967, which is divided into three periods, viz. 1959–61, 1962–64, and 1965–67. It covers 14 major industry groups in the manufacturing sector as classified under the International Standard classification of industries, and two important non-manufacturing industries, namely, mining and quarrying. Lately plantations have also been considered.

The authors, by calculating the coefficient of variations for 16 industry groups during three periods as well as the average for the nine-year period covering all these four measures, found that there is no systematic pattern in inter-industry conflict-proneness. By finding the mean values for each period, for each measure and seeing whether a particular industry falls above or below the mean values, it was concluded that industries like textiles, paper and paper products, leather and leather products were comparatively more conflict-prone. To find the interrelationship between the four measures of conflict the coefficient of correlation was tabulated over the nine-year period and it was found that these measures are positively related, which let us conclude that in actual practice structural and organizational weaknesses of union have very little adverse influence on the duration of conflicts and workers' participation therein. The data also reveals that the possibility of a quick settlement of conflicts tends to decline with the increase in frequency of conflicts.

Kerr and Seigel[14] in their study on "The inter-industry propensity to strike—an international comparison", which is based on generalised groupings of industries of eleven countries—Australia, Czechoslovakia, Germany, Italy, Netherland, New Zealand, Norway, Sweden, Switzerland, the United Kingdom and the United States. The propensity to strike of the industries is measured in terms of high, medium-high, medium, medium-low and low categories as compared to the average value of the incidence of conflict in specific industries. Several hypothesis have been tested by the authors.

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[13] S. M. Pandey and V. K. Pathak, "Inter-Industry Conflict-proneness in India", *Indian Journal of Industrial Relations*, 7(4), April 1972.

[14] C. Kerr and A. Siegel, "The Inter-industry Propensity to Strike—An International Comparison" *in* Kornhausen et al., *Industrial Conflict*, New York, McGraw-Hill, 1954.

1. *The location of the worker in the society*: The location here refers to the nature of his work environment, his relations with the society of which he is a part, economic conditions and standard of living, etc. This variable influences the propensity to strike and is, in turn, heavily influenced by the industrial environment. The nature of the industry creates a distinct community in an isolated environment. This coupled with the nature of work breeds a very distinct and identifiable culture. Such communities which are removed from the mainstream of activity are classified as a distinct "isolated mass". The concept of 'isolated mass' is tested by miners, long shoremen people who work in the docks and to a lesser extent, by textile workers, who are away from their own communities, social standards etc. and have peculiar grievances. Industrial hazards, severe depression, unemployment, bad living conditions, low wages, etc. are causes for disputes and therefore their propensity to strike is also comparatively higher.

'The integrated individual and the integrated group' concept is in contrast to that of 'isolated mass'. It is used in a sociological sense and hence the propensity to strike is low or medium-low (particularly in industries like railroads, trade, agriculture, etc.). The workers in such industries play a role which integrates them better with the general community and hence the individual grievances are less likely to be turned into a mass grievance.

2. *The character of the job and the worker*: The nature of the job determines the kinds of workers employed and their attitudes, which again determines whether there will be an atmosphere of conflict or peace. Thus it is found that if the job is physically difficult and unpleasant, the propensity to strike will be higher, of course, this hypothesis is not universally true and may be wrong in certain periods and in different countries.

Verma in his paper "Industries and Conflict in India: A Statistical Analysis"[15] has tried to study inter-industry differences in conflict-proneness by taking 22 major industries. The study relates to three periods, i.e. from 1961–65, 1966–70 and 1971–73. The measure used is the number of mandays lost during these periods in 22 industries. It was found that 12 out of 22 industries are not very conflict-prone as their values fall below mean-values of mandays lost. The textile industry was the most conflict-prone industry in the combined period of 1961–73, followed by metal products, plantations, tobacco, mining and quarrying, machinery, food (except beverages) and transport and communication, in that order.

Ross and Hartman's study[16] on "Changing Patterns of Industrial Conflict" reveals interesting findings on patterns of strikes over 4 major parts of the world—the North European Pattern covering Denmark, the

[15] P Verma, "Industrial Conflict: A Statistical Analysis", *Vikalpa*, 3(3), July 1978.

[16] A. M. Ross and P. T. Hartman, *Changing Patterns of Industrial Conflict*, New York, John Wiley, 1960.

Netherland and the UK; the Northern European Pattern covering Sweden and Norway; the Mediterranean-Asian pattern covering France, Japan, Italy and India and the North American sphere covering Canada and the US. The authors concluded that white-collar workers are less strike-prone. As regards Mediterranean-Asian patterns, it was observed that strikes are widespread in this group, involving substantial proportions of union members and non-agricultural employees in most years. However, the average duration of the strike is short. This particularly holds true for France, Italy and Japan. In India, strikes have continued for a longer period than in other countries in this group. The pattern of strike activity in India prior to independence resembles the pattern in France, Italy and Japan but after that period the resemblance is much less. With widespread participation and moderately long strikes, the ratios of lost time in India have been very high, in fact the highest in the world.

These research studies give us an idea of the various patterns of conflicts among industries in different countries over the periods of time. Various factors lead to these variations in pattern of conflict propensity which can be generalised thus:

1. *The organization of unions*: The nature of organization of unions may be responsible for a high or low frequency in conflicts in a particular industry. The variables that determine the relative frequency of conflict in an industry are the presence of multiple unions, inter-union rivalry or even no unions at all; also, whether the union is militant or weak.

2. *Technology*: Sometimes technology may be a primary or one among many causes contributing to the frequency of conflicts. Complex technology may evolve fear of change among employees leading to resistance and conflict.

3. *Maturity of parties*: This is an inherent factor leading to a high or low propensity to strike. When both parties are mature and objective, there are relatively fewer chances of conflict and even if they occur they are of short duration and most often resolved quickly. Their maturity also facilitates recourse to institutional means to resolve their conflict.

4. *Equality of partners*: This refers not only to equality in terms of representation of both parties but also to the strength of each party to bargain and negotiate. A strong trade union may force a weak management either to accept the demands or force a strike situation. It could also be the other way round in case of a strong management and weak unions. So, strength and ability on both sides would bring about a concrete and speedy resolution of problems.

5. *Wage rates*: This could also be the sole cause of conflicts, when they are set too low or are not consistent with the rate of inflation, or in parity with other industries.

All these factors together, or some of them, or perhaps even one factor could prompt a conflict situation.

An attempt has also been made here to study conflict in 19 major industries over the period 1961 to 1976. This period is broken up into 3 sub-periods—1961–65, 1966–70, and 1971–76. The number of mandays lost has been selected as a measure to study conflict-proneness. Tables 9.8 a and b give the data on these industries. After finding out the average mandays lost for each of the three periods, and for the entire 16 year period, the industries have been divided into high, medium and low categories by comparing actual mandays lost in that industry to the average number of mandays lost.

The above analysis brings us to the conclusion that the textile industry is the most conflict-prone industry. This is concluded from the fact that in all the three periods as well as for the entire (16 years) period the number

TABLE 9.8(a) Industry-wise Trends in Mandays Lost ('000)

Sl. No.	Industry	1961–65	1966–70	1971–76	1977-81*
1.	Plantation	1206	156	5560	1024
2.	Mining and quarrying	1896	5147	6704	5253
3.	Food (except beverages)	2640	3725	3503	1576
4.	Beverages and tobacco	6937	3341	4085	1884
5.	Textiles	7996	25793	31576	13950
6.	Paper, paper products and allied industries, printing and publishing	427	1621	1902	2146
7.	Leather and leather products	173	153	830	205
8.	Rubber and rubber products	448	1170	2757	1399
9.	Chemicals and chemical products except petroleum and coal	939	2277	2978	2400
10.	Non-metallic mineral products	1800	3909	6156	2424
11.	Basic metal industries and transport equipments	769	1618	5377	5694
12.	Metal products (except machinery)	2615	7591	4052	1141
13.	Machines (except electrical appliances)	384	5265	5949	5498
14.	Electrical machine apparatus	601	2291	4274	2444
15.	Transport equipment	614	1814	2134	3511
16.	Construction	418	1025	1312	1126
17.	Electricity, gas, water and sanitation services	964	2077	2711	581
18.	Commerce	92	473	846	1028
19.	Transport and communication	731	4996	13322	1282
	Total	31550	82442	106028	54516
	Average	1660.5	4339.1	5580.4	28693

Source: *Indian Labour Journal*, Various issues, Labour Bureau, Government of India, Ministry of Labour and Rehabilitation.

**Incomplete*: 1978 data for only one quarter is available, July–Sept.
1979 data for only two quarters is available, January–June.
1980 data for only three quarters is available, April–December.

TABLE 9.8(b) Type of Industry—Conflict Proneness Pattern

Period	High	Medium	Low
1961-65	> 2000	500-2000	< 500
	4 5* 3 12	1 2 9 10* 11 14 15 17 19	6* 7* 8* 13 16* 18*
1966–70	> 5200	3500-5200	< 3500
	1 5* 12	2 13 19 10* 3	6* 7* 8* 9 11 10 14 15 16* 17 18*
1971–76	> 6000	4000-6000	< 4000
	2 5* 19	1 4 10* 11 12 13 14	3 6* 7* 8* 9 15 16* 17 18*
1961–76	> 13000	9000–13000	< 9000
	1 4 5* 12 19	2 3 10* 13	6* 7* 8* 9 11 14 15 16* 17 18*

Note: Numbers in Table above refers to serial number on Table 9.7a.
Asterisk on each industry category indicates its conflict-proneness over the years under study, i.e. high, medium and low.
> more than; < less than.

of mandays lost have been very high in this industry as compared to the average values as a whole. The transport and communication industry (excluding workshops and metal products) are highly conflict-prone compared to others in the higher category.

The industries with low conflict propensity as revealed by the data are commerce, leather and leather products, paper and paper products, printing, publishing and allied industries.

This data, relating to conflict-proneness in industry provides material for further research and analysis. Why is the textile industry highly conflict-prone—it could be the working conditions, the low wage rates or even the militant unions and depressed market conditions. Many more factors could also be involved and each category offers scope for separate analysis.

Conclusion

The historical data on conflict patterns (refer earlier graphs and charts) points clearly to the fact that the industrial relations scene in India over the years has not been very encouraging. There is no definite pattern towards the stabilisation of peaceful relations and this is particularly so after the Emergency, when industrial conflict has become widespread.

Agarwala in his article has provided a model for the stages in the growth of industrial relations.[17] It consists of five stages and describes the form of relations and the type of unions existing in each stage. The model is described below:

1. Formation stage	Hesitation Hostility	Guilds and craft unions
2. Fighting stage	Acceptance Conflict	Classical unions
3. Friendly stage	Acceptance Understanding	Collective bargaining
4. Fraternal stage	Friendship Mutuality	Consultation, participation
5. Fusion stage	Joint effort Inter-dependence	Union-management cooperation

This compartmentalisation of stages may not be water-tight and some overlapping might obviously occur. It, however, does give an idea as to how from the stage of hesitation and hostility, the two parties (the union and the management) can reach the stage of joint effort and interdependence.

The National Commission on Labour after studying the conflict patterns and the legal machinery to cope with it has felt that the present settlement machinery is inadequate and ineffective. This is attributable to the delay involved, the expensive ad hoc nature of the process, and the fact that discretion is vested in the government in matters relating to referring disputes for adjudication.

Keeping in mind the shortcomings of the present dispute settlement machinery, the recommendations of NCL and a study of foreign experience, the Government of India in its Industrial Relations Bill, 1978 provided powers and formulated the procedures and duties of various authorities like conciliation officers, arbitrators, tribunals, etc. under the proposed system. In addition the Bill proposed many far-reaching structural changes such as election of bargaining agent or representative union. However, the bill has yet to see the light of day. The government has, in the meantime, enacted the ID Amendment Bill 1982, in order to bring about speedier resolution of disputes. How far this will be effective is yet to be seen. In an industrial society a state of harmony and goodwill between the management and its workers is usually an objective. This is not always possible where two groups exist, each with different ideologies, goals and interests which may be in conflict. Conflict is therefore inevitable and could also prove healthy in the sense that it brings inherent problems to the fore. The cause of con-

R. K. Agarwala, "Union-Management Cooperation—A Framework", *Indian Journal of Industrial Relations*, 13(3), January 1978.

flict, the mechanisms to resolve conflict, and the outcome of conflict, are all governed by each situation. On the one hand, there are macro-level variables—economic, social, political and legal factors which contribute in their specific ways to a particular situation. Yet on the other hand there are unit level or micro-variables such as company policies, corporate attitudes to personnel issues that could also contribute to a conflict situation. We have seen in the Indian environment, the structural limitations and the causes of conflict over a broad time span. To what extent has conflict been resolved by institutional mechanisms, which stand the test of acceptance and credibility to be utilised and wanted, remains a question. If institutional mechanisms do not evolve to meet the changing situation, then the manifestations of conflict are likely to find other outlets.

Increasing population and unemployment, an unstable political situation, growing alertness among the unorganized sectors who are beginning to be aware of their rights, etc. are the challenges faced by industries, which make the achievement of the objective of industrial harmony all the more difficult. In a less developed economy the tradeoff is between growth and development, which is dependent on non-stoppage of work and at the same time acceptance of democratic rights to express one's dissatisfaction either through strikes or lockouts in the ultimate analysis. Industrial harmony, an elusive ideal, tries to balance these opposites.

Appendix 9A*

Code of Discipline in Industry

1. To maintain discipline in industry (both in public and private sectors) there has to be: (i) a just recognition by employers and workers of the rights and responsibilities of either party, as defined by the laws and agreements including bipartite and tripartite agreements arrived at all levels from time to time; and (ii) a proper and willing discharge by either party of its obligations consequent on such recognition.

The Central and State Governments, on their part, will arrange to examine and set right any shortcomings in the machinery they constitute for the administration of labour laws.

To ensure better discipline in industry.

2. Management and union(s) agree:
   (i) that no unilateral action should be taken in connection with any industrial matter and that disputes should be settled at appropriate levels,
   (ii) that the existing machinery for settlement of disputes should be utilised with the utmost expedition,
   (iii) that there should be no strike or lockout without notice,
   (iv) that affirming their faith in democratic principles, they bind themselves to settle all future differences, disputes and grievances by mutual negotiation, conciliation and voluntary arbitration,
   (v) that neither party will have recourse to: (a) coercion; (b) intimidation; (c) victimisation, or go-slow,
   (vi) that they will avoid: (a) litigation; (b) sit-down and stay-in strikes; and (c) lockouts,
   (vii) they will promote constructive cooperation between their representatives at all levels and as between workers themselves and abide by the spirit of agreements mutually entered into.

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*Government of India, Ministry of Labour, Employment and Rehabilitation, *Report of the National Commission on Labour*, 1969.

(viii) that they will establish upon a mutually agreed basis, a grievance procedure which will ensure a speedy and full investigation leading to settlement,

(ix) that they will abide by various stages in the grievance procedure and take no arbitrary action which would bypass this procedure, and

(x) that they will educate the management personnel and workers regarding their obligations to each other.

3. Management agree:

(i) not to increase workloads unless agreed upon or settled otherwise,

(ii) not to support or encourage any unfair labour practice, such as: (a) interference with the right of employees to enrol or continue as union members; (b) discrimination, restraint or coercion against any employee because of recognised activity of trade unions; and (c) victimisation of any employee and abuse of authority in any form,

(iii) to take prompt action for: (a) settlement of grievances; and (b) implementation of settlements, awards, decisions,

(iv) to display in conspicuous places in the undertaking the provisions of this Code in local languages,

(v) to distinguish between actions justifying immediate discharge and those where discharge must be preceded by a warning, reprimand, suspension or some other form of disciplinary action and to arrange that all such disciplinary action should be subject to an appeal through normal grievance procedure,

(vi) to take appropriate disciplinary action against its officers and members in cases whose enquiries reveal that they were responsible for precipitate action by workers leading to indiscipline, and

(vii) to recognise the union in accordance with the criteria (evolved at the 16th session of the Indian Labour Conference held in May 1958).

4. Union(s) agree:

(i) not to engage in any form of physical duress,

(ii) not to permit demonstrations which are not peaceful and not to permit rowdyism in demonstration,

(iii) that their members will not engage or cause other employees to engage in any union activity during working hours, unless as provided for by law, agreement or practice,

(iv) to discharge unfair labour practices, such as: (a) negligence of duty; (b) careless operation; (c) damage to property; (d) interference with or disturbance to normal work; and (e) insubordination,

(v) to take prompt action to implement awards, agreements, settlements and decisions,

(vi) to display in conspicuous places in the union offices, the provisions of the Code in the local language(s), and

(vii) to express disapproval and to take appropriate action against office-bearers and members for indulging in action against the spirit of this Code.

Annexure A

Criteria for Recognition of Unions

1. Where there is more than one union, a union claiming recognition should have been functioning for at least one year after registration. Where there is only one union, this condition would not apply.
2. The membership of the union should cover at least 15% of the workers in the establishment concerned. Membership would be counted only of those who had paid their subscription for at least three months during the period of six months immediately preceding the reckoning.
3. A union may claim to be recognised as a representative union for an industry in a local area if it has a membership of at least 25% of the workers of that industry in that area.
4. When a union has been recognised, there should be no change in its position for a period of two years.
5. Where there are several unions in an industry or establishment, the one with the largest membership should be recognised.
6. A representative union for an industry in an area should have the right to represent the workers in all the establishments in the industry, but if a union of workers in a particular establishment has a membership of 50% or more of the workers of that establishment it should have the right to deal with matters to purely local interest, such as, for instance, the handling of grievances pertaining to its own members. All other workers who are not members of that union might either operate through the representative union for the industry or seek redress directly.
7. In the case of trade union federations which are not affiliated to any of the four central organizations of labour the question of recognition would have to be dealt with separately.
8. Only unions which observed the Code of Discipline would be entitled to recognition.

Appendix 9B

The Second Schedule (of the Industrial Disputes Act, 1947)

Matters within the Jurisdiction of Labour Courts

1. The propriety or legality of an order passed by an employer under the standing orders
2. The application and interpretation of Standing Orders
3. Discharge or dismissal of workmen including reinstatement of, or grant of relief to, workmen wrongfully dismissed
4. Withdrawal of any customary concession or privilege
5. Illegality or otherwise of a strike or lockout and
6. All matters other than those specified in the third schedule

Appendix 9C

The Third Schedule

Matters within the Jurisdiction of Industrial Tribunals

1. Wages, including the period and the mode of payment
2. Compensatory and other allowances
3. Hours of work and rest intervals
4. Leave with wages and holidays
5. Bonus, profit-sharing, provident fund and gratuity
6. Shift working otherwise than in accordance with Standing Orders
7. Classification by grades
8. Rules of discipline
9. Rationalisation
10. Retrenchment of workmen and closure of establishment
11. Any other matter that may be prescribed

Appendix 9D

Some of the Unfair Labour Practices Listed by the Industrial Amendment Bill, 1982

By Employer

1. Threatening workmen with discharge or dismissal if they join a trade union (TU) or threatening a closure or lockout if a trade union is organized.
2. Granting a wage increase to workmen at crucial periods of trade union organization with a view to undermine the efforts of the trade union.
3. To establish an employer's sponsored trade union.
4. To encourage or discourage membership in any TU by discriminating against any workman.
5. To discourage or dismiss workmen by way of victimisation due to the exercise of the employer's rights, by falsely implicating a workman in a criminal case for misconduct of a minor or technical nature etc.

By Workmen or Trade Union

1. To force workmen to become members of a trade union.
2. For a recognised union to bargain collectively in good faith with the employer.
3. To stage, encourage, coerce actions such as wilful go-slow, and to stage demonstrations at the residence of the employers or management staff members.

CASE STUDY

Air-India Pilots

The proposed introduction of the slip system on two routes of Air-India's network resulted in a dispute between Air-India and its pilots, disrupting the airline's services.

Background

Under the Air Corporation Act on 1st August, 1953, Air-India International Limited was completely nationalised. By an amendment to the Act in June, 1962, the word 'International' was dropped and the name was changed to Air-India. By 1973–74, its fleet consisted of nine Boeing 707 aircraft and four Boeing 747 aircraft. The phenomenal growth in its operation is indicated in Table 1, giving important features for the years 1959–60 to 1974–75. It will be seen that the operating revenue increased more than twelve-fold in 16 years. A noteworthy feature of this development was that most of it was financed by the Corporation from its own resources supplemented by loans obtained from international banks.

Between 1960 and 1974–75 both the operating revenue and operating expenses witnessed over tenfold increase (Table 2). Throughout the period since the date of nationalisation in 1953, Air-India continued to make profits; initially these were marginal profits, but these increased substantially, when in 1970–71 the operating profits amounted to Rs. 2.70 crores. In the year 1971–72 and more so in 1972–73, the Corporation had to bear a significant impact on the dramatic escalation in oil prices and the Corporation had to suffer net deficits in both these years.

*Prepared by Prof. A. Monappa. The author wishes to gratefully acknowledge the help he received from Brig. P. V. Gole (Retd.), AVSM, Director, Personnel and Industrial Relations of Air-India in the preparation of this case.

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Note : All exhibits are at the end of the case study.

TABLE 1 Operational Growth of Air-India

Year	Revenue passengers carried (000')	Freight (including excess baggage) (Mill. Rtkm)	Mail carried (Mill. Rtkm)	Total revenue tonne kilometres performed (Million)	Overall load factor (%)
1959–60	89.4	13.6	4.6	54.2	—
1960–61	123.3	18.8	5.0	76.3	44.3
1961–62	156.5	25.4	6.3	94.5	42.7
1962–63	165.7	30.4	8.0	111.6	45.3
1963–64	191.0	37.9	7.5	132.4	47.8
1964–65	238.0	44.2	7.8	156.7	49.6
1965–66	218.5	44.4	7.6	149.0	48.7
1966–67	254.7	54.3	9.0	172.5	49.5
1967–68	285.5	60.2	10.1	199.8	48.0
1968–69	331.1	69.0	11.2	225.3	48.8
1969–70	402.6	81.5	9.5	275.2	54.3
1970–71	487.1	84.1	8.8	275.2	54.3
1971–72	453.2	102.2	7.7	316.9	52.1
1972–73	545.8	125.8	8.7	419.2	52.5
1973–74	648.6	165.0	9.4	494.7	58.3
1974–75	519.1	141.4	8.6	406.3	57.3

Note: 1. Revenue tonne kilometres (Rtkm) means revenue earning load of passengers, mail and cargo in metric tonnes multiplied by the distance flown in kilometres.
2. Load factor implies ratio of revenue tonne kilometres (Rtkm) to available tonne kilometres (Atkm).

Sources: The Table is an amalgam of data compiled from the following two sources:
1. *Commerce Year Book of Public Sector*, Bombay, 1974–75, p. 224, 1974.
2. *AI Corporate Records*.

By conscious efforts towards reducing expenditure, maximising revenues and improving efficiency, the unfavourable trend was arrested and the Corporation ended with the marginal profit of Rs. 0.30 crores in 1973–74 and a net loss of Rs. 8.5 crores in 1974–75.

Air-India earned/saved foreign exchange amounting to Rs. 15.23 crores for the year 1972–73 and Rs. 17.97 crores in 1973–74.

At the end of 1973–74, the company's net assets were worth Rs. 197.14 crores. The government participation in equity and loan capital in equal proportions aggregated to Rs. 51.82 crores.

Collective Bargaining Practices and Structure

Air-India has nine recognised unions and one unrecognised (Air-India Officers' Association) union. Some are craft unions like the ones for the Pilots, Navigators or Engineers and some are general unions covering both craft-type skills and general categories of workmen. Even after nationali-

TABLE 2 Revenue and Expenditure of Air-India

Year	Passenger revenue	Cargo including excess baggage revenue	Mail revenue	Operating revenue	Operating expenses	Operating profit	Net surplus (+) Net deficit (−) after tax
1959–60	8.54	1.80	1.48	12.58	12.40	0.18	+0.27
1960–61	13.39	2.89	1.83	19.17	18.00	1.17	+0.68
1961–62	14.17	3.19	2.18	21.57	20.80	0.77	+0.39
1962–63	15.96	3.67	2.65	24.52	21.07	3.45	+2.35
1963–64	17.06	4.36	2.34	26.81	22.97	3.84	+3.04
1964–65	19.40	4.81	2.40	30.03	26.41	3.62	+3.04
1965–66	19.27	4.76	2.45	29.77	28.60	1.17	+1.64
1966–67	30.59	8.09	3.93	45.90	41.34	4.56	+3.89
1967–68	35.14	9.09	4.74	55.01	49.58	5.43	+1.89
1968–69	41.34	9.67	4.23	59.50	54.68	4.82	+2.14
1969–70	45.65	11.39	4.03	66.14	61.84	4.30	+2.27
1970–71	51.71	11.50	3.80	71.60	67.02	4.58	+2.70
1971–72	52.94	14.30	3.12	78.56	77.78	0.78	−1.66
1972–73	63.26	18.02	3.08	101.08	95.64	5.44	−0.94
1973–74	81.63	24.60	3.47	126.14	121.64	4.50	+0.30
1974–75	83.13	27.18	2.39	135.58	139.20	3.62	−8.85

Table is an amalgam of data compiled from the following sources:

Sources: 1. *Commerce Year Book of Public Sector* 1974–75, Bombay 1974, p. 224.
2. *AI Corporate Records.*

sation, Air-India and Indian Airlines have some common unions for common categories of workmen like Indian Flight Engineers' Association, Indian Aircraft Technicians' Association, Air Corporations Employees' Union and All India Aircraft Engineers' Association.

There are 200 line pilots consisting of 76 commanders and 124 co-pilots. The pilots of Air-India have a separate union, namely Indian Pilots' Guild, which is recognised as the sole bargaining agent by Air-India for its pilots.

The procedure has been for the Indian Pilots' Guild and other unions to submit a charter of demands and then have a series of meetings with the management of the Corporation before a final settlement is arrived at.

It is not always that there is an amicable agreement between the two parties. There have been situations when third party reference was necessary to sort out the differences between the management and the workmen. When bilateral negotiations failed between the Air-India Management and several of the unions the government referred the dispute to a tribunal. Two such important references are the National Industrial Tribunal award by Justice G. D. Khosla and the Justice Kamal Sahai Award. The former related to terms and conditions of employment. However, the IPG and the management came to a settlement during the pendency of the Tribunal and this settlement was subsequently incorporated as a consent award by the Tribunal. The second Tribunal was concerned with the issue of parity of emoluments between the pilots of Indian Airlines and Air-India.

Background of Management/Indian Pilots' Guild Negotiations

The Indian Pilots' Guild had submitted a charter of demands on 24th May, 1959. An agreement was reached and it came into force with effect from 1st January, 1960 for a period of three years. Subsequently, a second agreement for three years was negotiated which became effective on 20th August, 1965 (incorporated as a Consent Award by the National Industrial Tribunal presided over by Justice Khosla). Finally the current agreement came into force on 22nd September, 1971. The contents of the agreement covered the following areas:

1. Salary, allowance and perquisites,
2. Terms and conditions of employment:
    (a) hours of duty and rest periods,
    (b) service conditions of employment, posting, accommodation at layover stations and layover allowances,
    (c) recruitment of union—provided it has 2/3 of the pilots as members and the negotiating body will consist of pilots,
    (d) standard force.

It was also agreed that the number of administrative posts (posts to which line pilots aspire for promotion) in the Operations Department of the Corporation would be furnished to the Guild each year, and that the Guild would be consulted in this matter before the figures were furnished.

The Pilots' Strike—August/October, 1974

The steep oil price hike in September 1973 which would boost the fuel bill for 1973–74 by nearly 13.5 crores, compelled the management of Air-India to seek avenues to maximise earnings, increase efficiency and productivity and control expenditure in order to ensure financial viability of the airlines operations. Some possible areas[1] where the management thought economies could be effected were publicity, staff travel and boarding arrangements, overtime and crew scheduling. After issuing a general appeal to all staff on 1st January, 1974 the Managing Director had meetings with flight crew unions and followed up with a letter on 22nd January, 1974 to them.

In this case we shall focus on one aspect, namely, crew scheduling.

The management took up the issue of making some change in the pattern of crew scheduling and introducing the slip pattern of crew scheduling on certain routes, namely India/Japan and India/UK routes, in view of the substantial economy it was expected to effect. The management expected to save nearly Rs. 80 lakhs a year by this change which represented the allowances that would have to be paid to the flight crew as Foreign Allowance, under the existing base system. These allowances are paid to flight crew members to meet the high cost of living abroad and are entirely in foreign exchange. This slip pattern would also enable the management to rationalise crew utilisation.

It was the contention of the management that the pattern of crew scheduling had to follow the pattern of operations and that factors like frequency of services, availability of convenient stations for crew to lay over, availability of aircraft, etc. were favourable on the India/Japan and India/UK routes for introducing the slip pattern of crew scheduling, in which flying crew after operating a leg of a flight get a layover for a period more than or equal to the minimum rest prescribed and continue to do the next leg to reach their destination and return to the home base in the same manner. In the base system the home-based crew would return to base after doing the first leg and some members of the crew would be posted at the intermediate station to operate the next leg, such crew would not only get the foreign allowances but a major portion of the salary in foreign exchange. The details of the slip pattern are given in Exhibit 1. The existing pattern was primarily the base pattern but in the past the airline had operated the slip pattern on certain routes. This was given up consequent on the loss of an aircraft in the Mont Blanc crash in 1966, as a result of which some frequencies had to be reduced.

Details of the proposed slip pattern were given to the flight crew unions in February 1974 and discussions were held with them. These were handed over to the Indian Pilots' Guild at a meeting convened by the Director of Operations on 18th February, 1974. The tentative time-table for the introduction of the slip pattern was also intimated to the Indian Pilots' Guild by a letter of the management dated 18th February, 1974, the proposal was to introduce the slip pattern on the India/UK route from 1st April, 1974 and on the India/Japan route from 1st July, 1974 (see Exhibit 2).

The initial reaction of the IPG was that the proposed introduction of the slip pattern was a unilateral step by the management. They had further correspondence with the management on these lines and later in March 1974, the management accepted the IPG's suggestion of forming a joint committee of representatives of management and the IPG to go into areas where economies could be effected and efficiency improved as far as the Pilots' category was concerned. (See Exhibit 3.)

In the meanwhile, the Air–India Cabin Crew Association had obtained an ad interim injunction and had filed a writ application in the Bombay High Court restraining the management from introducing the slip pattern from 1st April, 1974. In view of this development, the management advised all flight crew unions that the introduction of the slip pattern was held in abeyance and advised the IPG that discussions with them would continue, so as to ensure smooth introduction of the slip pattern.

In their writ application, the AICCA had contended that temporary posting at foreign stations was a condition of service and that a notice of change had to be given under the Industrial Disputes Act to make such a change, further that the slip pattern would be in breach of the agreement on flight time and flight duty time limitations. In the judgement delivered on 4th July, 1974 the High Court held that the notice of change required under the Industrial Disputes Act was not incumbent on Air–India in view of the exemption granted by the Government of Maharashtra earlier, that there was no change in the conditions of service involved by the introduction of the slip pattern, that temporary posting at foreign bases was not a condition of service and that there was no breach of the agreement on flight time and flight duty time limitations. The court also held that the operation of flights in different sectors on a particular pattern and the consequential scheduling of the crew is purely a managerial function. The cabin crew went in appeal against this judgement and their appeal was heard by the Division Bench of the Bombay High Court and decided in September 1974.

The Division Bench negated all contentions raised by the AICCA and rejected the appeal with costs. After the judgement of the Bombay High Court on 4th July, 1974 all the operating crew were advised at a joint meeting held with their representatives by the Chairman on 12th July, 1974 and it was indicated that the slip pattern of crew scheduling would be introduced on the India/Japan route for the cabin crew on 15th July, 1974 for other flight crew from 1st November, 1974 and on the India/UK route for all categories of crew from 1st August, 1974. The IPG representatives expressed the view that this was a matter that should have been discussed by a joint committee of the management and the Guild and pointed out that no such meeting of the committee had been held, and reiterated their view that the management was taking a unilateral position. It was pointed out to them that a number of meetings and discussions had taken place with the representatives of the IPG, and the Chairman specifically pointed out that the Guild should not interpret consultations to mean obtaining the concurrence of the Guild in matters like crew scheduling which were management functions.(see Exhibit 4.) Further, they were also informed that under the slip pattern proposed there would not be any violation of the existing terms of agreement in regard to flight time and flight duty time limitations (see Exhibit 5). The management offered to reactivate the Committee but there was no agreement on the terms of reference. The discussions at the meeting held by the Chairman were confirmed in a letter addressed by the Director of Personnel and Industrial Relations to the IPG on 12th July, 1974 (see Exhibit 6), and they were requested to communicate any concrete comments or suggestions on the proposals to introduce the slip pattern of crew scheduling on the India/Japan and India/UK routes, details of which had already been handed over to them. The IPG did not accept the proposals and continued with their stand that the introduction of the slip pattern of crew scheduling was an arbitrary and unilateral action of the management and was against the agreement between the IPG and the

Management (see Exhibit 7). A series of correspondence took place between the IPG and the Management, some of which was at the Chairman's level. (See Exhibit 8.) However, the IPG persisted in its stand and issued a directive to its members that they should not undertake flights from any point in the network of the Corporation on the the slip pattern (see Exhibit 9). In pursuance of the directive, pilots who were scheduled to operate the services on the slip pattern on 1st August, 1974 did not operate them and most of these services were operated by executive pilots. 10 pilots who had thus not operated flights on which they had been scheduled were suspended by the management. On 2nd August, 1974 the IPG wrote to the Management to withdraw the suspension orders, failing which they stated that the basis of the directive would be broadened. The Management did not agree to withdraw the suspension orders and the IPG issued a directive to its members not to undertake any flights on the entire system, thus resulting in complete dislocation of the services of the airline. As a result the management declared a lockout of the pilots effective from 3rd August, 1974.

While declaring the lockout the management had indicated the conditions on which pilots would be allowed to resume duty. These included an acceptance of the slip pattern, an acceptance that crew scheduling was a management function and an assurance that the pilots would eschew agitational action or any action not covered by law. Some pilots gave these undertakings and with the help of these pilots, as well as the executive pilots, skeleton services were operated by the airline.

The strike lasted for over three months until 3rd November, 1974. During this period the IPG gave a number of press statements to explain their stand and suggested that the introduction of the slip pattern would endanger the safety of operation by causing undue fatigue of the pilots. All these statements were effectively refuted by the management and the public opinion was clearly against the stand taken by the pilots which had not only disrupted the operations of the airline completely but also was causing a grievous loss to the nation. During this period, three principal office bearers of the IPG, namely Capt. S. S. Nadkarni, President, Capt. H. S. Hirani, Vice President and Capt. D. S. Mathur, General Secretary were charge-sheeted by the management, and after holding a departmental enquiry they were dismissed from the service of the Corporation. In the appeal which they submitted to the Chairman the punishment of dismissal was reduced to that of removal.

On 5th September, 1974 the IPG filed a short cause suit in the Bombay City Civil Court contending that the lockout declared by the management be declared illegal and the management be constrained from continuing the said lockout, the management be constrained from taking and/or accepting and/or requiring any Senior Captain or Captain to sign any undertaking (See Exhibit 10) before raising and/or lifting the lockout, restraining the management from unilaterally altering the existing conditions of service of the line pilots, restraining the management from introducing the slip system of operations or from requiring the line pilots to operate under any system other than the base system of operations and restraining the management from proceeding with the departmental enquiries against the three office bearers of the IPG. The IPG also took out a notice of motion in regard to the above reliefs sought by them. This notice of motion was heard at length by the Judge of the City Civil Court, Mr. G. H. Guttal, and by his judgement dated 24.10.74 the IPG's notice of motion was dismissed. The judge also ordered for peremptory hearing of the case on 25th November, 1974. When the suit came up for peremptory hearing on 28th November, 1974 the Advocate for IPG requested the permission of the Court to withdraw the suit. This permission was granted and the suit was dismissed for want of prosecution.

Soon after the judgement was delivered by Mr. G. D. Guttal on 24.10.74 a number of pilots gave the required undertaking and were permitted to resume their duties. At the same time the Government of India, Ministry of Labour decided to file cases against 19 pilots in the Court—of the Additional Chief Metropolitan Magistrate, 32nd Court—against 14 pilots for participating in an illegal strike and against 5 pilots thereof. This decision hastened the remaining pilots to give the required undertaking and resume duties, so much so, that by 3rd November, 1974 all the pilots had given the required undertaking, excepting the three office bearers who had been removed from service. The lockout of the pilots was lifted from 3rd November, 1974. Subsequently, the cases against the 16 working pilots were withdrawn after they had submitted their letter of regret. The cases against the three office bearers are being heard in the Court of Chief Metropolitan Magistrate, BD.

Exhibit 1

Working of Slip System

At present, we have eight 747 flights between Bombay and London, five of which are operated through Beirut and three through Kuwait. Kuwait, Beirut and London are crew change stations.

2. To give an example of how the slip system works, let us take a flight leaving Bombay in the early hours of Monday morning. The crew will fly from Bombay to Beirut and get off at Beirut. The flight time from Bombay to Beirut is less than 8 hours when the flight is via Delhi and less than 5½ hours if it is a direct flight from Bombay to Beifut. The crew will lay over in Beirut for 24 hours and 50 minutes and thereafter, take a subsequent flight on Tuesday morning from Beirut to London. The flight time between Beirut and London is approximately 6 hours 15 minutes. On the termination of the flight in London, the crew will lay over in London for 47 hours 15 minutes from the time of arrival in London. The crew will then return to Beirut on Thursday. The flight time between London and Beirut is 5 hours 55 minutes. The crew will get off at Beirut and lay over in Beirut for a little over three days or 73 hours 25 minutes, repeat 73 hours 25 minutes. The crew will then leave Beirut on Sunday night and arrive in Bombay on Monday morning. The flight time between Beirut and Bombay via Delhi is 7 hours 45 minutes.

3. In other words, under the slip system, the crew will be away from Bombay on a round-trip from Bombay to London and back for about 7 days during which the total flying done in the particular case cited above will be 27 hours 50 minutes and for the remaining period of 6 days, the crew will be laying over and taking rest at Beirut, London and Beirut. On return to base, the crew will be entitled to a minimum rest period of 4½ to 5 days, before being scheduled on another flight. The round-trip flight time between Bombay and London varies from 22 hours 40 minutes to a maximum of 27 hours 50 minutes, depending on the routing of the flight.

4. Under the base pattern of operations, the crew based in Bombay fly up to Beirut or Kuwait and return by subsequent flight. We have 6 sets of crew temporarily based in Beirut, who fly between Beirut and London and back to Beirut after availing of rest in London. We have another 5 sets of crew temporarily based in London who operate from London to Kuwait and return to London after availing of rest in Kuwait. The present base pattern of operation requires 19 sets of crew, whereas under the slip system, we would require only 16 sets of crew, resulting in a saving of three sets of crew.

5. Under the present base pattern, the average flying done by a pilot is only 45 hours in whole month. Under the slip system we will get a utilisation of 55 hours in a month from a pilot.

6. In the case of India/Japan route, where the slip system is proposed to be introduced for pilots from 1st November, 1974, repeat 1st November, 1974, and on which route the slip system has already been introduced for the cabin crew from 15th July, 1975, there is only one crew change station at Hong Kong. At present, we have pilots permanently posted in Hong Kong and they operate from Bombay to Hong Kong and Tokyo. The crew based in Bombay operate from Bombay to Hong Kong and return by the subsequent day's flight. We have six flights on this route. Under the slip system, the crew from Bombay will fly up to Hong Kong as at present and after availing rest for 24 hours, proceed to Tokyo by the following day's flight. At Tokyo both the aircraft and the crew lay overnight and return to Hong Kong the following day in the evening. At Hong Kong, the crew will lay over for 24 hours and return to Bombay the following day. On this route, the crew leaving on a Wednesday morning will return to Bombay on Saturday

night. On return to base, the crew is entitled to a minimum rest of three days before being scheduled on another flight. The slip system will save us 2 sets of crew on the India/Japan route.

7. The slip system will increase the utilisation of the crew each month and result in savings in crew and substantial savings in foreign exchange of the order of Rs. 75 lakhs on the two routes. The saving accrues from the abolition of the temporary or permanent bases abroad and do not affect adversely the earnings of the crew members.

8. The slip system is being introduced on the India/Japan route and the India/London route where we have high level of frequencies and minimum number of crew change stations, which are the factors which make the slip system viable and economical.

9. All other categories of flying crew, namely light engineers, navigators and cabin crew, have agreed to operate the slip pattern and only the Indian Pilots' Guild have issued a directive to their members not to operate flights on the slip pattern.

10. Out of a total of 1,200 flying crew, the pilots constitute only 200.

11. The slip system had been in vogue from time to time in Air India until 1966 and is not a novel pattern. All the leading airlines of the world like Panam, TWA, British Airways, Alitalia, Air France, Swissair, KLM, Lufthansa, Japan Airlines, Quantas and so on, operating on similar and longer routes compared to Air India, are following the slip pattern.

Exhibit 2

March 11, 1974

GM/74-63(A)/9127

The General Secretary
Indian Pilots' Guild
Customs' Block, NTB
Bombay Airport
BOMBAY 29

Dear Sir,

Sub : Pattern of Operations

In the staff notice No. 16/73-74 of 1st January, 1974, on the subject of fuel crisis and its impact on Air India, I had discussed the need for making determined and purposeful efforts to face the challenge posed by the crippling financial burden on the Corporation resulting in severe losses and stressed the urgent need for maximising our earnings, controlling expenditure and increasing the efficiency of our operations. Thereafter we had invited the members of the operating crew in Bombay to a meeting which was addressed by me on 11th January, 1974, at which I dealt with the subject of the impact of fuel crisis on Air-India's operations and financial results and mentioned, among other things, the proposal to introduce a change in the pattern of operations as far as the crew scheduling was concerned on the India/UK and India/Japan routes. It was heartening to hear from your representatives present at the meeting the assurances of their full support to the Management in facing the crisis. The Director of Operations had, subsequently, at a meeting held with your representatives on 18th February, 1974 informed you about the specific proposals for introducing slip pattern of operations on the India/UK and the

(Contd.)

India/Japan routes and you were requested to study the proposals and offer your comments.

2. I had invited the representatives of the Guild to a meeting which was held on 4th March, 1974, to explain the proposals to you, listen to your comments and also discuss with you the present critical financial position of the Corporation and the heavy anticipated losses for the coming year as a result of continued galloping increases in fuel prices in India and abroad and the resulting crippling burden on our Airline. It is estimated that the additional expenditure on account of the continuing increase in fuel prices will be of the order of Rs. 40 crore for a full year in 1974–75. Even though the Management and the Industry are constantly reviewing the situation and taking whatever measures are practicable to deal with the situation and reduce the losses, there will still be a wide gap and it is imperative that our operations are conducted in the most efficient manner possible and in the best interests of the Corporation. The slip pattern of operations that has been proposed after careful consideration of relevant factors and which do not violate any of the conditions of the agreement with the IPG, will result in a substantial saving of over Rs. 80 lakhs in foreign exchange per year taking into account the total savings in respect of all categories of operating crew and cabin crew.

3. At the meeting, I had explained to you the various measures of economy that have been initiated in respect of the various items of expenditure of the Corporation and I had also emphasised the inescapable necessity for increasing the efficiency of the pattern of operations, particularly keeping in mind that our flight patterns for the year 1974–75 have stabilised. At the meeting, we had clarified to you the details of the proposal and the expected savings and had also offered to give you any further factual information which you may wish to have. It was also clarified that the pattern of scheduling of crew was a matter which would be constantly kept under review, taking into account all relevant factors.

4. In conclusion, it was explained to you in detail that with the constantly rising cost of fuel and the higher and higher losses exhibited in weekly financial reviews, it was considered imperative by the Management that no time should be lost in implementing the proposed pattern of crew scheduling, which was an important measure calculated to bring in substantial savings. You were, therefore, advised that the slip pattern of operations was proposed to be implemented from April 1974 on the India/UK sector and that the slip pattern would be implemented on the India/Japan route after the expiry of the notice required to be given to the crew posted at Hong Kong.

5. It is earnestly hoped by the Management that in this time of crisis facing the Corporation, unstinted support and cooperation will be forthcoming from all your members.

Yours faithfully,
AIR INDIA
Sd. (K. K. Unni)
Managing Director

Exhibit 3 (Not sent to IPG)

Record Note of Discussion held with the Representatives of the Indian Pilots' Guild on 29th March, 1974.

Present:

Representing the Management	Managing Director Dy. Managing Director Dy. Managing Director (C) Financial Controller
Representing the IPG	Capt. S. S. Nadkarni Capt. H. S. Irani Capt. G. L. Lamba Capt. B. R. Kapoor Capt. M. K. Kapoor Capt. Menon

Pursuant to letter No. GM/74–63 (A) 9392 dated 22nd March, 1974 and GM/74–63 (A) 9457 dated 27th March, 1974 addressed to the Indian Pilots' Guild detailed discussions were held with regard to introduction of slip pattern as proposed in earlier correspondence with the IPG. IPG representatives stated that, apart from crew scheduling pattern, there were many areas in the Operations Department where efficiency could be increased and considerable savings effected and they were prepared to sit down with the Management representatives to discuss these areas. So far as the slip pattern of crew scheduling was concerned, the Managing Director stated that Management was satisfied about the feasibility of operating the same on India-UK and India-Japan routes within the flight and duty time limitations and without causing any hardship to the pilots or affecting safety and that in fact the slip pattern was in vogue on the India-UK route. The slip pattern when introduced for all the flight and cabin crew on these routes is expected to result in better utilisation of the crew as well as economies to the tune of Rs. 85 lakhs and the Managing Director invited the cooperation of the IPG. The IPG representatives stated that as far as their members were concerned, the cash savings have been indicated to be only about Rs. 13 lakhs and that they were prepared to suggest various measures to bring in economy in other areas also. They were willing to discuss with the representatives of the Management the slip pattern. They suggested that a committee of representatives of the Management and the IPG to go into the various areas where efficiency could be increased and economies effected in the Operations Department with due regard to safety factors.

2. The Management agreed for the formation of such a committee on the basis that the Committee would go into aspects concerning only the pilot category. On IPG representatives agreeing to this proposal, it was decided to form such a Committee with three representatives from the Management and three representatives from the IPG. The Committee will make recommendations for the consideration of the Management.

3. It was indicated to the IPG that the members of the Management would be Capt. J. S. Dhillon, Director of Operations, Mr. R. Venkatraman, Director of Planning and International Relations and Mr. C. L. Sharma, Senior Dy. Financial Controller. The IPG indicated that they would inform the Management of the names of their representatives in the next few days. Capt. Dhillon would be the convenor of this Committee. The Committee would be assisted by the Cost Rationalisation Committee comprising

(*Contd.*)

Messrs. PDJ. D' Souza, J. R. Rindani and V. V. Joshi. It was agreed that the Committee would commence its meeting from 9th April 1974. So far as the terms of reference were concerned, it was decided that the first item they would take up and submit their recommendations is on the "Economic Crew Scheduling Pattern" with specific reference to the proposed slip pattern on the India-UK and India-Japan routes.

4. The Committee would submit its report as early as possible.

Exhibit 4

GM/74-63(A)/218 30th July, 1974

Captain S. S. Nadkarni
President
Indian Pilots' Guild
Customs' Block, NTB
Bombay Airport
Bombay

Dear Sir,

I have your letter of IPG/MGT/SSN/74/273 dated 28th July, 1974 seeking my intervention in regard to the introduction of the slip system of crew scheduling on the India-London and the India-Japan routes.

While I appreciate the confidence in me expressed in your letter, I regret that it is quite impossible for me to intervene as requested which, in effect, would mean that I should act as arbitrator between the Management and the Guild in a matter in which I have been throughout a party to the actions and decisions of the Management.

I have from the start of this controversy gone out of my way to keep myself informed of all the views expressed and arguments advanced by the Guild in opposing the introduction of the slip system. Yet I remain satisfied:

(i) That the stand taken by the Management that the determination of the pattern of crew scheduling is wholly a Management function, is correct and indisputable.

(ii) That the introduction of the slip system as announced does not violate any agreement between the Management and the Guild.

(iii) That it does not involve any hardship to the members of the Guild.

(iv) That it does not affect the safety of operations.

(v) That it is in conformity with the normal pattern adopted by all leading international airlines.

In the circumstances, you will appreciate that any intervention on my part could serve no useful purpose.

I am sorry I cannot agree with the contention of the Guild that consultations have not taken place in regard to the introduction of the slip system of crew scheduling. Notwithstanding the fact that the Guild has throughout repeatedly stated that is it unalterably opposed to any form of slip system of crew scheduling, consultations have been held and considerable correspondence has taken place, and the Management have been always prepared to discuss the matter in detail with the Guild.

Unfortunately, as is made quite clear from the note attached to your letter, the Guild insists on interpreting consultations as requiring the prior concurrence to any action which, in fact, could give the IPG a right of veto on any matter about which consultation takes place, even where the matter under discussion is clearly one within the purview of the Management, as in the present case.

Although in the past and out of goodwill, and with a view to maintaining cordial relations, the Management have voluntarily held consultations with the IPG in some matters which were wholly within their power to decide, I regret we cannot accept the Guild's interpretation of consultation mentioned above.

I do feel in all sincerity that the Managing Committee of the Guild is both wrong and unjustified in adopting such a stand, and that its opposition to the introduction of the slip pattern of crew scheduling is contrary to the long-term interests of its own members, apart from the clear interests of the Airline, which we serve and of the country.

While regretting my inability to respond to your request to intervene, I earnestly appeal to you and your colleagues not to precipitate a situation which will cause serious loss of revenue and foreign exchange to the country at this critical time when it can least afford it, and also cause great inconvenience to hundreds of passengers and hardship to thousands of the Corporation's employees, in addition to your own members.

Yours truly,

Sd. (JRD Tata)
Chairman

Exhibit 5

Extract from Agreement between IPG and AI Dated 22nd September, 1971

The latest contract between the IPG and AI management dated 22nd September, 1971 specifies the hours of duty and rest periods based on the "base system" With regard to posting, the contract specifies as under:

"Posting: Normally, a pilot will be posted to a crew base:

(a) On temporary basis strictly in rotation and in the order of seniority for a period not exceeding three months, provided the pilot concerned is qualified and is eligible for such a posting, or

(b) On permanent basis for a period of three years. Such permanent postings abroad will, as far as possible, be made during April and in any case between 15th March to 15th May.

Note: (1) Any posting for a period of less than 30 days will not be considered as temporary posting for the purpose of rotation.

(2) If a pilot desires to take leave immediately before termination of his permanent posting or on termination of his permanent posting, his leave must be within the period of three years and he will be treated as Bombay based pilot effective from the date he completes his permanent posting of three years."

Allowances are also worked out on the base system constituting foreign allowance on permanent transfer and a daily outstation allowance on temporary posting.

Exhibit 6

GM/74-63(A)/196 July 12, 1974

The General Secretary
Indian Pilots' Guild
Customs Block, NTD
Bombay-29

Dear Sir,

Sub: Slip Pattern of Operations

Please refer to this office letter No. GM/74-63(A)/9457 of 27th March, 1974 in which you were advised that in view of certain Court proceedings pending at that time in respect of implementation of the slip pattern of operations, it had been decided to hold introduction of the said slip pattern in abeyance for the time being, and to continue discussions with the representatives of the IPG so as to enable smooth introduction of the slip pattern.

2. Pursuant to this letter, the Management held a meeting with your representatives on 29th March, 1974 when the subject was discussed at great length. At this meeting your representatives stated that, apart from crew scheduling pattern, there were other areas in the Operations Department where efficiency could be increased and economy effected and your earlier suggestion for formation of a joint committee which had been agreed to by the Management comprising Management and IPG representatives to study the entire subject of economy and rationalisation in the Operations Department so far as the pilot category was concerned was reiterated. The Management agreed to set up an ad hoc joint committee with broad terms of reference to study the areas where efficiency could be increased and economy effected so far as the pilot category is concerned. It was also proposed by the Management that the first area that the committee should take up for study was the slip pattern of operations on India/Japan and India/UK routes as proposed by the Management earlier. Unfortunately, the meetings fixed by the Management initially had to be postponed for one reason or other and later various objections in regard to the terms of reference were raised by your representatives culminating in your letter No. IPG/MGT/DSM/74/1963 dated 6th June, 1974, in which it was stated that it would be futile to formulate a joint committee of the representatives of the guild and the Management.

3. As your members are aware, the writ petition filed by the cabin crew for restraining the Management from introducing the slip pattern was dismissed with costs by the Bombay High Court on 4th July, 1974, fully vindicating the stand of the Management.

4. At a joint meeting held with the representatives of the IPG, IFEA and IFNG today in the Headquarters and addressed by the Chairman, the proposal of introducing the slip pattern on India-Japan route for the cabin crew from 15th July, 1974 and after due notice to the permanently posted crew in Hong Kong, for the operating crew from 1st November, 1974 and for introducing the slip pattern on India-UK from 1st August, 1974 were communicated to you and your whole-hearted cooperation for smooth introduction of the revised pattern was solicited. Your representatives expressed the view that this was a matter which should have been discussed by the joint committee of the Management and the Guild and pointed out that no such meeting of this committee had been held and the Management was taking a unilateral decision. It was pointed out to

you that since January 1974, a number of meetings had been held with your representative when the proposed slip pattern was discussed at length and it could not be contended that any unilateral action was being taken. The Chairman also specifically pointed out that the Guild should not interpret consultations as obtaining, the concurrence of the Guild in matters which were within the management's functions and where the terms of the agreement with the Guild were not violated. It had been further explained to you that the airline was passing through a financial crisis and it was incumbent on all the staff to cooperate with the Management in the implementation of measures calculated to improve efficiency and effect economy and further the pattern of crew scheduling would be reviewed in the light of any changes in the pattern of operation from time to time. It was also pointed out to you that when you had categorically stated in your letter of 6th June, 1974 quoted above that it would be futile to formulate a joint committee, there was no question of holding any meetings of the joint committee.

Even at this meeting, the Management offered to re-activate the joint committee so that the proposed slip pattern of operations could be studied on a priority basis. However, your representatives made it a pre-condition that the full terms of reference for this committee which should include 'reorganization of the Operations Department' should be finalised. You were advised that your demand that the joint committee should discuss the reorganization of the Operations Department was not acceptable.

5. You were further advised that any concrete comments or suggestions which you may like to submit on the proposals for introduction of the slip pattern of crew scheduling on the India/Japan and India/UK routes would be duly considered by the Management while implementing the proposals. The details of the revised crew scheduling pattern are enclosed and you are requested to offer your comments, if any, on the same before 19th July, 1974 so that they could be considered and, if necessary, discussed with your representatives in time prior to the proposed introduction of the slip pattern on India/UK route from 1st August, 1974.

Yours faithfully,
AIR INDIA
Sd. (P. V. Gole)
Director of Personnel &
Industrial Relations

Exhibit 7

Indian Pilots' Guild

IPG/MGI/SSN/74 26th July, 1974

MOST URGENT

The Managing Director
Air India
Bombay

Dear Sir,

Sub: Slip Pattern of Operations

Please refer to the letter No. GM/74-63(A)/196 dated 12th July, 1974 from the Director of Personnel and Industrial Relations.

(*Contd.*)

As the letter contains a number of misstatements, it is necessary for the Indian Pilots' Guild to give a detailed reply in order to put the entire matter in a true and proper perspective. It is most unfortunate that the Director of Industrial Relations instead of containing an explosive situation has aggravated and escalated the matter by indulging in a type of correspondence which contains not only misstatement of facts but complete distortions of facts as can be seen from the records available both with the IPG and the Management.

As you are aware, at a meeting held in the Conference Room of the Head Office on 3. 1. 74 to discuss the issues pending with the Hon'ble Labour Minister, you referred to the matter of rising fuel crisis and its effect on the economy of the Corporation. The Indian Pilots' Guild representatives therefore requested you that in view of the "crisis" it was only proper that you should call a meeting of all the aircrew unions, take them into confidence and place the difficulties of the Corporation before them with a view to minimise the impact of rising fuel cost. You were good enough to call a meeting of the Flight Crew Unions in response to the suggestions made by the Indian Pilots' Guild and addressed them seeking their cooperation on the 11th January, 1974. Subsequent to the meeting you also conveyed to the representative of the Indian Pilots' Guild your satisfaction at the spontaneous response to your appeal from the Flight Crew Unions. Further to the meeting vide your letter No. GM/74-63(A)/8114 dated 22/24th January, 1974 you wrote to the Indian Pilots' Guild enclosing a copy of the general appeal issued by you to all the employees and with a note attached to the letter suggesting as a "starting phase" certain measures, the implementations of which you considered would produce considerable economies. You also suggested that the proposals be studied so that they can form the subject of discussion between the Indian Pilots' Guild and the Director of Operations. On 15th February, 1974, vide letter No. 4-46/1340 the Director of Operations wrote to the IPG informing them that a meeting would be held by him and the Director of Personnel and Industrial Relations in his office on Monday the 18th February, 1974 "to explain the pattern of Operations which will be effective from 1st of April 1974". Although the reading of this letter from the Director of Operations made it quite apparent that contrary to the Agreement a firm decision was already taken without prior consultation with the Guild on the pattern of operations and that the Management had intentionally violated the long standing Agreement, the IPG representatives attended the said meeting on the 18th February notwithstanding the above violations mainly because it was convinced of the sincerity of your personal appeal and wanted to play its legitimate role, if not in averting the gravity of the crisis faced by the Corporation but at least in minimising the same. At the said meeting on the 18th February the Director of Operations handed over to the representatives of the IPG his letter No. 4-46/1393 of even date enclosing a Chart indicating the pattern for the routes mentioned in the letter. He also asked for the comments or suggestions before the end of the month. The Indian Pilots' Guild representatives informed the Director of Operations that the letter of the Managing Director dated 22nd January, 1974 had already been issued to the members and their views were being awaited till the end of the month. The Indian Pilots' Guild also informed the Director of Operations that the General Body meeting of their members has been called around the 4th of March and the subject of Pattern of Operations would be placed before the General Body for the discussions, comments and suggestions. The IPG also stated at the said meeting that the question of Slip Pattern of Operations cannot be discussed in isolation as the same was closely linked up with other clauses of the Agreement, viz. the type of hotel accommodations at outstations, Flight and Duty Time Limitations, Rest/Time off at Base, crew complement in the cockpit, the avenues of further promotions, the vagaries of fuel supply, the changes in the time-table, etc. and desired a further discussion with the Dy. Managing Director. Consequent upon the meeting with the Director of Operations on the 18th of February you had invited the representatives of the Guild to meet you on the 4th of March, 1974 whereat you reiterated the crippling financial burden of the Corporation and stated that an additional expenditure on account of continuing increase in the fuel prices was estimated in the order of Rs. 40 crores for a full year in 1974/75. Since the meeting was essentially to obtain clarification of the details of your proposals contained in your letter of the 22nd January which the IPG representatives wanted to place before the General Body meeting the following day, viz. 5th March, any discussion on the subject of Pattern of Operations or other proposals contained in the earlier letter were totally precluded from this meeting. At the General Body meeting on 5th March, the crisis created by the 'Oil War' and its impact on Air India was discussed by the members and a Resolution was unanimously passed by the IPG requesting the Management to constitute a Committee consisting of the representatives of the Indian Pilots' Guild and the Management to study the workings of the Operations Department with a view to suggest measures that would lead to balancing the economy without sacrificing or overlooking the safety of operations. The IPG further suggested in the Resolution that the findings and the recommendations of this committee be the basis for discussion between the IPG and the Management of Air India with a view to arrive at a common understanding to get the optimum results in the overall interests of the Corporation. *It also advised the Management not to introduce unilaterally a new pattern of operations for pilots by revoking the existing pattern arrived at earlier through consultations and agreements with the IPG as any unilateral change was bound to have greater adverse effects not only on the economy of the Corporation but also on pilot/management relations resulting in jeopardising the safety of operations.* The IPG also requested the Management through the same resolution not to disturb the present pattern of operations without undertaking a proper study of all the aspects involved therein and assured the Management that in the critical days through which we all were passing it was the keen desire of the IPG to maintain the industrial peace and harmony in the larger interest of the Corporation and hoped that the Management would respect and reciprocate the sentiments of the IPG by ensuring that the industrial peace was not disturbed by them by enforcing hasty and unilateral decisions. Pursuant to the Resolution, a meeting was to be held with the Director of Operations on 20th March, 1974 to discuss the subject of pattern of operations in the light of discussions held at the General Body meeting. But even before the said meeting took place, the Management arbitrarily and unilaterally issued letters to our members cancelling their permanent posting to Hong Kong in pursuance of their letter No. 4-46/1393 dated 18.2.74 thus making a complete mockery of the Agreement and the Clause of consultations contained therein. The Managing Committee therefore wrote to you on 19.3.73 conveying its feelings that, in view of such gross violations, any further meeting with the Management was not likely to serve any useful purpose. In response to this letter of the IPG, you wrote a letter dated 22nd March, 1974 as a result of which a meeting was arranged between the IPG and the Management on 29th March, 1974. On the eve of the meeting, we received a letter No. GM/74–63(A)/9457 dated 27.3.74, from the Director of Personnel and Industrial Relations informing us that "in view of the Court proceedings that were pending in respect of the implementation of the Slip Pattern of Operations it had been decided to hold the introduction of the said Slip Pattern of Operations in abeyance etc." At the meeting of the 29th March, after lengthy discussions you were good enough to agree to set up a committee consisting of the representatives of the IPG and the Management to study the areas where economies could be effected and efficiency improved in the present crisis. In fact a joint statement was issued at this meeting emphasising the fact that the discussion with the IPG and the Management *regarding crew scheduling pattern as well as other measures taken to improve operational efficiency were held in a cordial atmosphere.* A meeting of the Joint Committee was arranged on 9.4.74 which had to be cancelled due to a very unfortunate incident. We received thereafter letter No. DO/Conf./74/35 dated 10.4.74 from the Director of Operations, which contained distortions and travesties of truth which further convinced the

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(Contd.)

Managing Committee of the IPG that no useful purpose could be served in continuing any further dealings with a party that lacked even a semblance of sincerity in its approach. The copies of the replies sent to the Director of Operations on the 11th April, 1974 were marked to you and the Chairman for your perusal. At this stage it was very obvious that the Management was making every effort in creating crisis and deliberately scuttling the efforts of the IPG for smooth working of the Corporation. The subsequent replies from the Dy. Managing Director did not improve the matter, in that, the very basis on which the Joint Committee was to function was being distorted, thus making the birth of the Committee or its continuance more and more difficult. We, therefore, requested you, vide our letter dated 17.4.74, to make the dialogue between the Management and the IPG possible by restoring and maintaining the status quo in the matter of pattern of operations till such time as the contents of para 4 of our letter No. IPG/MGT/DSM/74/111 of 17.4.74 were finalised. Once again we must point out to you that, in spite of the offer of cooperation the Management continued the violations of the Agreement and the matter had to go before the Regional Labour Commissioner. In doing so the Management admitted its own inability to resolve the issues with the representatives of their employees. This modus operandi adopted by the Management of referring the issues to the outside party and the complete departure from the understanding reached by them with the representatives of the IPG on 29.3.74 regarding the terms of reference of the proposed Joint Committee, left no alternatives to IPG but to write a letter on the 6th June informing the Management that, in view of the Management's intransigence to view professional matters in their proper perspective, it was futile to form a Joint Committee.

Reverting to the letter under reference, you will therefore appreciate that the Director of Personnel and Industrial Relations is not stating a fact when he starts off para 2 of the said letter by saying "Pursuant to this letter, the Management held a meeting with your representatives on 29th March, 1974". The said meeting on the 29th was in fact an outcome of your efforts as contained in your letter dated 22nd March and the letter of the 27th March had not been even conceived when the time and venue of the meeting of 29th was arranged earlier. In the same paragraph it is highly mischievous and therefore damaging to the credibility of the Management when the author of the letter says "your earlier suggestion for the formation of a joint committee *which had been agreed to* by the Management comprising the Management and IPG representatives". As you are fully aware that the decision to form a Joint Committee was taken after lengthy deliberations at the meeting of the 29th with you and not earlier as stated by the Director of Personnel and Industrial Relations. Referring to para 4 of the letter under reference, we are amazed to see such gross and deliberate misstatement which leaves no doubt in our mind that from the very inception commencing from January 1974, the Management under the pretext of financial crisis, rising fuel cost, etc. was trying to create a mental condition amongst the pilots whereby they wanted to reduce the negotiated settlement into mere scraps of paper and usher an era of Divine Rights of Management to rule arbitrarily and in an autocratic manner. The reorganization of the 'Operations Department' referred to in the closing stage of para 4 is a figment of imagination of the author of the letter and unworthy of comments from the IPG

Para 3 of the said letter also confirms our apprehensions in regard to Divine Rights of the Management. The IPG is neither aware of the grounds of writ petition filed by the Cabin Crew nor is aware of the judgement delivered by the Bombay High Court, nor was a party to the suit. Therefore what is vindicated by the High Court of Bombay, has neither overawed the IPG nor depressed it. In fact, you personally know, it has been our constant endeavour to impress upon the Management that we do not want to link ourselves either with the Cabin Crew or for that matter with any other union/association or guild. The IPG has its own inherent strength to fight its own battles—if the battles have to be fought—and has its own sense of proportion. It is also aware of its own responsibilities and has the capability and the capacity to carry out its responsibilities in a proper manner. The deep prejudice, deliberate misunderstandings, intentional distortions and wilful mischief as indulged in the letter under reference only create difficulties in the smooth working of the Corporation.

The General Body meetings held on 23rd and 25th July, 1974, have unanimously passed a resolution denouncing the arbitrary and unilateral action of the Management in so callously setting aside a negotiated agreement and has asked the Managing Committee to ensure that it finds out and adopts such steps and measures as are necessary in order to maintain the sanctity of the Agreement. It has further empowered the Managing Committee that in doing so they must not hesitate to take all action including the industrial action of a strike.

The Managing Committee feels fairly confident that in keeping with the sentiments expressed by you in your letter dated 22.7.74 you will be good enough to constitute the committee to study the working of the Operations Department as suggested in our resolution of 5th March, 1974 and abandon the plans to implement unilaterally a pattern of operation from 1.8.74 in violation of the Agreement.

In case you do not not wish to form the committee, at least in view of your own letter dated 25th January, 1971, we are hopeful that you will refer the matter to a third party for an impartial hearing.

We sincerely hope that our request will receive your earnest consideration and the working of the Corporation would not be disturbed.

An early reply will be appreciated.

Yours faithfully,
for INDIAN PILOTS' GUILD
Sd. (D. S. Mathur)
General Secretary

Exhibit 8

GM/74-63(A)/222

July 31, 1974

The General Secretary
Indian Pilots' Guild
Customs' Block NTB
Bombay Airport
Bombay 29

Dear Sir,

This has reference to your letter No. IPG/MGT/SSN/74 of 26 July, 1974 on the subject of slip pattern of operations, which I received in the forenoon of Monday, 29th instant. We had advised you in our letter on 15th July, 1974 that any specific comments or suggestions from you on the proposed pattern of crew scheduling would be duly considered.

(*Contd.*)

Apart from making allegations of various kinds against the Management which are totally unjustified, you have not chosen to give any constructive comments on the proposed pattern of crew scheduling.

2. We have, since January 1974, conveyed to you in a spirit of consultation in a series of meetings and in letters our proposal for the introduction of slip pattern of crew scheduling on the India/Japan and India/UK routes. On your part, apart from opposing the proposal and insisting that your concurrence should be obtained and making unwarranted allegations against the Management, you have not given any specific constructive comments or suggestions. We had agreed to form a joint committee of representatives of the Management and the Guild to study the areas where economies could be effected and efficiency improved as far as the pilot category was concerned and we wanted the committee to discuss the proposed slip pattern of operations on a priority basis and make recommendations for the consideration of the Management. However, under one pretext or another, you have avoided participating in the committee and when the Management made a request to you again in our letter of 30th April, 1974 to participate in the working of the committee, your reply in essence was that "it would be futile to form a joint committee." Even at the last meeting with your representatives held on 12th July, 1974, the Management had offered to reactivate the joint committee to study on a priority basis the proposed slip pattern which was declined by you. You have now once again made the suggestion that the committee should be constituted to study the working of the Operations Department and further that the Management should abandon the plans to implement the slip pattern from 1st August, 1974. I regret to say that the Management is unable to agree to the above suggestions for reasons already explained to you.

3. Your suggestion that the proposed pattern of crew scheduling should be referred to a third party is unacceptable. Your reference to our letter of 25th January, 1971 is beside the point. The offer made in it was in different circumstances and in a different context. In any case it was not accepted by you and is no longer open and does not survive. The determination of the pattern of crew scheduling is wholly and indisputably a Manangement function and the question of referring this issue to a third party does not arise.

4. You have in your letter chosen to make reckless allegations which are untrue and are denied.

5. I earnestly hope that you will not take any precipitate action but cooperate with the Management in the smooth implementation of the slip pattern of operations and if, in the course of operation of the slip pattern, any genuine difficulties are encountered, we shall be glad to discuss them with your representatives.

Yours faithfully,
AIR-INDIA
Sd. (K. K. Unni)
Managing Director

Exhibit 9

Indian Pilots' Guild

IPG/MGT/DSM/74/278 31st July, 1974

MOST URGENT

Managing Director
Air India
Bombay 1.

Dear Sir,

This refers to your letter No. GM/74–63(A)/222 dated 31st July, 1974.

The Managing Committee was shocked to read the contents of your letter under reference wherein you have chosen to accuse this body for the actions of the Management which made the formation or functioning of the Joint Committee impossible.

The spirit and the clear understanding reached at the IPG/Management meeting on 29th March, 1974 was totally distorted and vitiated by the Management by subsequently making it a pre-condition that slip pattern of operations be discussed on priority basis. The minutes of the meetings on record will establish beyond doubt that IPG had all along maintained that any pattern of operation is linked with and dependent upon various other clauses of the Agreement including the Clause of Flight and Duty Time Limitations, crew compliment on flight deck, ground support in the form of flight despatch, minimum serviceable equipment, etc. The IPG also maintained that unless decisions have been finalised in regard to crew compliments, despatch system, rest periods at base and at layover stations, etc. a mere discussion on the pilot deployment along the sectors is futile. The IPG therefore urged the Management to take the entire ambit of operations, viz. the working of the Operation Department and find out ways of economising with a view to get optimum results in the interest of the Corporation.

The IPG was prepared to go more than half way to meet the situation created by the rising fuel costs and its impact on Air India, in spite of the existing Agreement which had been arrived at earlier on a base pattern.

The failure of the Management to adhere to the agreed terms of reference of the Joint Committee has been the basic cause which rendered the meeting of the Joint Committee impossible and your allegations based on distorted correspondence are hereby denied by the Managing Committee.

We are also amazed to read from your letter of even date that reference to a third party in case of difference or dispute is retracted by you. This has created serious doubts in the minds of the members regarding the sincerity and honesty of the Management and is bound to have deeper repercussions on the Employer/Employee relations. In this context, your reference to cooperation or discussion in para 5 are not likely to evoke the response or the sentiments from the members which otherwise would have been possible for you prior to your letter.

Even at this late stage, we request you to postpone the unilateral imposition of the slip pattern on the members of the IPG without studying the peculiar problems of the pilot's profession and to constitute a joint meeting of the IPG/Management on the lines suggested in the Resolution of the General Body meeting held on 5th March, 1974.

In view of what has been stated by you in your letter under reply and the unilateral changes made by the Management in the pattern of operations, with effect from 1.8.1974, the Managing Committee is most reluctantly forced to issue the directive to their members

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not to undertake any flights on slip pattern with immediate effect. The copy of the Directive is enclosed herewith for your information.

Yours faithfully,
For INDIAN PILOTS' GUILD
Sd. (D. S. Mathur)
General Secretary

INDIAN PILTOS' GUILD

IPG/CIR/DSM/74/278

31st July, 1974

To All IPG Members

Further to the Draft Minutes of the General Body meeting No. IPG/CIR/DSM/74-266 dated 26th July, 1974 and the Alert No. IPG/CIR/DSM/74-270 your Managing Committee had addressed the letter to the Managing Director dated 26.7.74 and to the Chairman dated 28.7.74 enclosing a copy of the IPG's case in regard to the pattern of operations.

The Managing Committee felt that both the Chairman and the Managing Director would understand and appreciate the points of view expressed by your representatives and start a dialogue with a view to avoid confrontation and bitterness with the pilots. It is, therefore, most unfortunate that the Chairman has expressed his inability to intervene in the matter and the Management has issued Circulars No. DM(DD)/505-10B/5877 dated 29th July, 1974 and No. DM(CD)/505-10B/5926 dated 30th July, 1974 (Sub: Crew Movement—effective 1st August, 1974 on India-UK route (747 operation) and Crew Movement—707 operation India-UK route, 1.8.74), in supersession of all previous circulars and imposed the slip pattern of operation in total disregard of all the previous Agreements/Settlements existing between the IPG and Air India. The said circular has also put an end to all our hopes of a bilateral discussion between the IPG and Air India. Our apprehensions that the Management was manoeuvring under the cloak of 'Oil War' to confront the various Unions/Associations and Guild have come true. This has created an unsavoury situation for the various crew unions including the IPG. It is also apparent that the Management is trying to browbeat the unions into meek and humiliating submission to the whims and machinations of the Management. The unanimous Resolution of the General Body meetings held on 23rd and 25th has totally rejected this ignoble course and has directed the Managing Committee to take all steps including the extreme step of "strike" to achieve an honourable settlement of the unilateral violations.

DIRECTIVE

In pursuance of the Directive of the members as contained in the unanimous Resolution passed at the General Body meetings held on 23rd and 25th July, 1974 the Managing Committee hereby directs all its members *not to undertake*, repeat, not to *undertake*, any flight from any point in the network of the Corporation on 'a slip pattern' basis both on 707 and 747 aircraft. In other words, the members shall follow only the pattern of crew scheduling that existed prior to the issuance of the said circular of 29th July,

1974. *The Directive comes into force with immediate effect and applies to* both 707 and 747 operations.

Footnote: All those present at the joint meeting of the operating crew unions arranged by the Managing Director on 11.1.74 at the request of the IPG would vividly recall the "seemingly innocent" utterances of the D.O. in his introductory speech about "Revoking Agreements" with the unions. On retrospections, it is now clear the utterance was neither an inadvertent slip nor so innocent in its meaning and import. The entire course of action followed by the Management subsequent to the above meeting closely follows the intentions of the Management disclosed by the D.O., in his 'articulate disarming ways' so well adonted by him.

Sd. (D. S. Mathur)
General Secretary

Exhibit 10

No.GM/74-63(D)/220 July 31, 1974

To
Sr. Captain/Captains,
Santa Cruz

Due to the unprecedented fuel price increases from October 1973, the Management have been actively considering various measures to increase efficiency and economy in operations and cut down controllable expenditure to offset this additional financial burden. One of the areas of study was crew change over stations, India-Japan and India-UK routes lend themselves for slip pattern of crew scheduling.

Management studies indicated that, apart from increasing utilisation and flexibility of crew, substantial savings in foreign exchange would result by adopting slip pattern of operations on these two routes without in any way effecting safety of operations or flight and duty time and rest period stipulations.

Even though the pattern of crew scheduling to suit the operational requirements is an exclusively managerial function, in a true spirit of consultation the Management held several discussions and exchanged correspondence with the India Pilots' Guild starting as early as January 1974. It was originally proposed to introduce the slip pattern on these routes from 1st April, 1974 when the summer time tables were introduced. However, due to one of the crew unions going to the Court challenging the Management's proposals, the introduction was held in abeyance. However, discussions were continued with the IPG and it was agreed that a joint committee comprising IPG and Management representatives would be constituted to study, amongst other things, introduction of slip pattern of operations proposed by the Management and submit recommendations. The IPG avoided participation in this committee and finally withdrew from the committee. Apart from expressing opposition to the introduction of slip pattern, the IPG have not made at any time any concrete suggestions or proposals for the smooth implementation of the proposed slip system.

In the meanwhile, the Bombay High Court delivered its judgement on the dispute

(*Contd.*)

pending before its upholding the Management stand that the determination of the pattern of crew scheduling is indisputably a management function. As you are no doubt aware, following the judgement the system of pattern has already been introduced for the cabin crew effective from 15th July, 1974.

The Management held a further meeting with the representatives of the cockpit crew unions on 12th July, 1974 when the Management's intention to introduce the slip pattern on India-UK route from 1st August, 1974 and on India-Japan route from 1st November, 1974 was communicated. The Management at this meeting as well as in a subsequent letter written on 15th July, 1974 asked the IPG to specifically study the detailed proposals pertaining to the proposed slip pattern and offer concrete suggestions and comments so that, if necessary, a further discussion could have taken place. So far, apart from opposing the slip pattern and issuing directives to its members not to undertake the slip pattern of operations, there have been no constructive comments or suggestions.

Under these circumstances, the Management has no alternative but to go ahead with their proposals to introduce the slip pattern on the India-UK route from 1st August, 1974 as scheduled. Necessary programmes and schedules have already been issued by the Operations Department in this regard.

In view of the directive issued by the IPG to its members not to undertake the flights on slip pattern and to plan the schedules to cause minimum inconvenience to the travelling public, you are requested, by using the tear-off below, to confirm within the next 24 hours your willingness as and when required by the Corporation. Please note that in case we do not receive your reply within the specified time, it will be deemed that you are not willing to operate on the basis of slip pattern.

Sd. (K. K. Unni)
Managing Director

(Tear Off)

No.

The Director of Operations
Air India,
Santa Cruz

Dear Sir,

I am/am not willing to operate the slip pattern of crew scheduling on the India-UK route as well as on the India-Japan route, as and when required.

(Signature)

10

Labour Welfare and Social Security

Introduction

Labour welfare is an important facet of industrial relations, the extra dimension, giving satisfaction to the worker in a way which even a good wage cannot. With the growth of industrialisation and mechanisation, it has acquired added importance. The worker, both in industry and agriculture, cannot cope with the pace of modern life with minimum sustenance amenities. He needs an added stimulus to keep body and soul together. Employers have also realised the importance of their role in providing these extra amenities. And yet, they are not always able to fulfil workers' demands however reasonable they might be. They are primarily concerned with the viability of the enterprise. Labour welfare, though it has been proved to contribute to efficiency in production, is expensive. Each employer depending on his priorities gives varying degrees of importance to labour welfare. It is because the government is not sure that all employers are progressive minded and will provide basic welfare measures that it introduces statutory legislation from time to time to bring about some measure of uniformity in the basic amenities available to industrial workers.

Today, welfare has been generally accepted by employers. The State only intervenes to "widen the area of applicability".[1] It is now accepted that it is a social right. The Committee on Labour Welfare (CLW), formed in 1969 to review the labour welfare scheme, described it as social security measures that contribute to improve the conditions under which workers are employed in India. Vaid considers it as an "expression of the assumption by industry of its responsibility for its employees"[2]. Though industrial workers are generally better paid, their conditions of work, and often poorer living conditions necessitate more than minimum amenities, and hence most statutory legislation applies to them.

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[1] Government of India, *Report of the Committee on Labour Welfare*, "Concept and Scope of Labour Welfare," Ministry of Labour, Employment and Rehabilitation, New Delhi, 1969, Ch. II, p. 5

In a resolution in 1947, the ILO defined labour welfare as "such services, facilities and amenities as adequate canteens, rest and recreation facilities, arrangements for travel to and from work, and for the accommodation of workers employed at a distance from their houses, and such other services, amenities and facilities as contribute to improve the conditions under which workers are employed".[3] In this chapter, labour welfare and social security will be dealt with separately. We shall first take up labour welfare.

Objectives of Labour Welfare

There could be multiple objectives in having a labour welfare programme. The concern for improving the lot of the workers, a philosophy of humanitarianism or what is now termed as internal social responsibility, a feeling of concern, of caring by providing some of life's basic amenities, besides the basic pay packet. Such an overture of caring is supposed to build a sense of loyalty on the part of the employee towards the organization.

The humanitarian approach has given way to a more practical utilitarian approach. The utilitarian approach views investment in welfare through an economic framework where the possible cost benefit to the organization gains greater concern through improved or quicker services from the employees.

The welfare package by taking care of the basics of living, frees the worker to devote his time and attention to the organization's task and thus enhance efficiency and output. An attractive package, which provides benefits throughout the course of an employee's career, serves to attract and retain the better workers and simultaneously enhance their morale. The organization is also eligible to certain tax concessions by spending on employee welfare.

Labour Welfare

It is useful to consider welfare benefits under two basic categories, viz. intra-mural and extra-mural. The following categorisation is used by ILO:

[2] K.N. Vaid, *Labour Welfare in India*, New Delhi, Shri Ram Centre for Industrial Relations, 1970.

[3] Quoted from the ILO Resolution of 1947, as in the *Report of the Committee on Labour Welfare*, op. cit., p. 8.

EMPLOYEE LABOUR WELFARE AMENITIES

Intra-mural	*Extra-mural*
Drinking water	Social insurance (gratuity, pension, PF, etc.)
Toilets	Benevolent fund
Creche	Maternity benefits
Washing facilities	Health and medical facilities
Occupational safety	Education facilities
Uniforms and protective clothing	Housing facilities
Shift allowance	Recreation facilities
Canteen	Leave travel facilities
	Workers' cooperatives
	Vocational training
	Transport to and from place of work

These facilities and benefits can be further classified into those provided by legislation and those provided voluntarily by management or as a result of bipartite settlements between management and the trade unions.

Classification of Labour Welfare

—Statutory
—Voluntary
—Mutual

Statutory welfare amenities

Those which have to be provided irrespective of size of establishment, e.g. drinking water

Those to be provided subject to employment of a specified number of persons, e.g. creche

Again, in the case of certain amenities, there are no minimum standards laid down as in the sphere of housing, medical treatment, recreation, transport and educational facilities. This is left to the discretion of the employer.

Labour Welfare : Intra-Mural

Health and Medical Facilities

A healthy workforce is of utmost importance to industry. The ILO in its conventions and recommendations[4] has laid down standards, which have had a contributory effect on legislation in India. The ILO Convention 25 concerns sickness insurance and medical facilities to be provided to an insured person while Convention 103 deals with maternity protection. In its recommendation No. 69 it set certain norms for medical care. It also emphasised the need for preventive care. It made recommendations in respect of workers involved in jobs with special risks No. 97 and for occupational health services No. 112. The Royal Commission on Labour and the Labour Investigation Committee in the pre-independence period stressed the importance of health facilities and a unified scheme of social insurance.

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[4] Committee on Labour Welfare, op. cit.

We now consider the several labour welfare benefits both intra-mural and extra-mural, voluntary and statutory.

The statutory basis is provided by the Factories Act.

The Factories Act, 1948

The broad areas of coverage under the Act are health, welfare, safety, working hours, annual leave with wages and employment of women and children.

The Act applies to premises including the precincts thereof where ten or more workers are employed, with the aid of power or where 20 or more workers are employed without power.

Before starting a factory and periodically thereafter, the chief inspector of factories and his staff have to approve safety measures in the plant, including proper ventilation of noxious fumes and protective equipment for eyes where necessary.

A maximum work day of 8 hours is prescribed for adults and 5 hours for children. A work week of 48 hours is also prescribed. A weekly holiday is also specified as also eligibility of annual leave with pay after 240 days of employment.

Chapter III of the Act details measures to be adopted to safeguard the health of workers, so that conditions at the place of work do not affect them adversely. It refers to cleanliness, waste disposal, pollution measures, lighting, drinking water facilities, latrines, spitoons, etc. Chapter V of the Act refers to general welfare measures e.g. washing, drying facilities, rest shelters, first-aid appliances, canteens, lunch rooms, creches, etc. Certain amenities are to be provided depending on the size of the establishment, e.g. canteens if there are 250 or more workers, creches if 50 or more women workers are employed, rest rooms, and lunch rooms, shelters in case of 150 or more workers, and ambulance rooms with a qualified doctor and staff if there are 500 or more workers. Basic amenities like lighting and ventilation are to be provided whatever the size of the establishment.

There is a statutory provision for a labour welfare officer in an establishment with 500 or more workers. Their duties etc. are laid down by the government. Welfare facilities for workers in the workshop in the port area are provided under the Factories Act.

The Committee on Labour Welfare felt that the standards laid down by the Act should be "enforced strictly" especially with regard to the provision of a first-aid box, and ambulance room, even in factories with less than 500 workers. They felt this was imperative with the growth of industry, automation and the hazardous work often involved.

Family Planning

The five-year plans have laid great emphasis on this programme which has acquired a sense of urgency, specially in the Fourth Five-Year Plan. The CLW recommended that it should be made part and parcel of labour welfare activities. The CLW has suggested that in view of the enormity of the population problem, Central and State Government schemes should give recognition to fully equipped and properly staffed hospitals run by employers. Many employers have already taken the initiative, especially in plantations and provide incentives such as priority for housing etc. for participation in family planning schemes. According to CLW there should be complete integration of the family planning scheme with the national and child health programmes. In addition, low cost periodicals should be published to disseminate family planning information and workers organizations should play a prominent role with assistance from Central and State governments. A co-ordinating committee should be appointed to govern finance; that workers with small families be used to do propaganda work and that out of the way areas could be reached by mobile services, as has been emphasised by the NCL.

Canteens

The ILO, in its Recommendation 102, mentioned this facility and felt that a competent authority in each country should guide establishments with regard to nutrition, hygiene, finance, etc. In India the Factories Act places the responsibility on State governments to make rules that in any specified factory with more than 250 workers, a canteen or canteens should be provided and certain standards should be maintained. Workers should have representation in the management of the canteens. Each State Government has framed its own rules. However, CLW in its survey found that even where canteens were provided they were not well stocked. The CLW has suggested that canteen should be run on a co-operative basis and that legislation should be amended to empower State governments to make rules to meet the objective of nutrition. In the case of small establishments the Committee has suggested joint services, as also in backward areas.

The NCL does not think there is need for the statutory limit in respect of canteens to be raised, unless there is an established demand. Also, canteens should be run on a co-operative basis and employers could help with subsidies. Canteens, it feels, should try to provide at least one balanced meal to workers and allow them credit purchases so that they may make good use of the facility.

Creches

The Factories Act lays down that in any factory with more than 50 women workers a creche should be provided and maintained for children under 6 years in a clean and sanitary condition. The Act states that the creche should be under the care of women trained in child care and should have adequate accommodation, lighting and ventilation. The State Government is empowered to make rules in respect of standards, equipment and facilities. Mothers are also to be given time to feed their children at necessary intervals. The rules framed by the State Government lay down the qualifications necessary for the creche staff. The need for kindergarten classes in creches for children between 3 and 6 years was also felt.

The NCL felt that standards had to be improved in existing creches. They reiterated CLW's recommendation of creches for less than 50 women workers. In the case of small units they suggested that the State should provide creches and recover part of the cost from the employer. They felt the statutory regulation for creches should also apply to contractors who employ women workers.

Employee Labour Welfare Amenities—Extra-Mural

Housing

Recommendation 115 of the ILO states that housing should be a matter of national policy. Both the Indian Industrial Commission (1918) and the Royal Commission realised the importance and necessity of improving housing conditions of industrial workers and suggested various measures. In 1944 the Labour Investigation Committee reviewed housing conditions in principal urban areas and found industrial housing far from satisfactory. They felt a clear long-term housing policy was essential. In 1948, the Government of India put forth the Industrial Housing scheme. The Central Government subsidised the State Governments to the extent of 12½% on a maximum of Rs. 200 per house, provided the State Government contributed an equal amount. The response to the scheme was poor. The First Five-Year Plan (1951) suggested that the Central Government should take major responsibility for financing housing schemes. The subsidised housing scheme for industrial workers was extended to weaker sections of the community also. It applied to workers under section 2(1) of the Factories Act, whose wages did not exceed Rs. 300 per month and till they reached a maximum of Rs. 500 per month. The scheme provided that in addition to pucca houses, the State could also provide development plots, skeleton houses, hostels, dormitories, and buildings at subsidised rates to eligible industrial workers.

There was a consensus of opinion in reply to CLW's questionnaire that the scope and coverage of the scheme was limited. The CLW felt that the scheme should cover government establishments not already covered. Since wages had gone up, very few workers were eligible for houses under the scheme. The Committee suggested that those who had crossed the wage limit should be given time to find alternative accommodation. Also, that a certain percentage of houses should be statutorily provided for, and employers who provided housing or had housing schemes should be given a tax rebate. The States it was felt by the CLW should give importance to industrial cooperative housing societies and that community services and civic facilities should be quickly provided for, in the Subsidised Housing Schemes or they tend to be under utilised. The CLW underlined the importance of the role of the State Government in acquiring land near industrial areas and renting houses at reasonable rates. Each state should have an autonomous State Housing Board, which should earmark 20% of its finances for industrial housing. It could also augment its income with loans from employers at reasonable rate of interest. The Committee further recommended the constitution of a Central Housing Board, advances from the LIC and Central Provident Fund Scheme for industrial housing and effective co-ordination to control land development, between town planning and housing board authorities, at the State level. The Housing Board could also sell houses on a hire purchase system in order not to block investment.

The reasons for the slow progress of industrial housing schemes were the low priority accorded to it by State Governments, the non-utilisation of allocated funds, the non-availability of development land in urban areas, the high cost of building material, and the lack of capacity on the part of workers to pay even the subsidised rent, accounted for the poor progress of the scheme. Employers also did not take any interest, since they were governed by certain rules with regard to rents to be collected, size of houses, municipal taxes, etc. and they found it too great a financial burden. At the end of 1967, of the 1,59,871 houses built under this scheme, only 19% were built by employers.

The NCL recommended that the government should take the major responsibility for housing, also using all the help that employers can provide and that fiscal and monetary incentives should be provided to employers to make it a viable proposition for them. It suggested that housing boards should be set up in other states as in the case of Andhra Pradesh, Tamil Nadu, UP, Maharashtra, Karnataka, and that a Central Housing Board should coordinate all housing schemes. The Central Government should continue to finance housing boards with a 50% subsidy and 50% loan with interest. Tenants should be encouraged to buy over houses on hire purchase. The NCL suggested that the rent charged should not exceed 10% of the worker's earnings.

Recreation Facilities

Though there is no statutory provision in this sphere, a good example has been set by many progressive employers both in the public and private sector like the Tatas, Hindustan Lever, TELCO, Mill Owners Association (Bombay), Hindustan Steel, Air India, BHEL, LIC, the Railway and the Defence Services to name a few. This is in contrast to the situation 25 years ago, when the provision of facilities for recreation, sports and cultural activities was made reluctantly. Today, employers take pride in the extra-curricular achievements of their workers and it is often a prestige issue. The facilities provided for recreation, broadly speaking, are determined by the resources available for this purpose in the enterprise and the importance accorded to it by the employer. However, the recreational facilities available to industrial workers are much better organized than those at the disposal of the average citizen. These facilities are sometimes provided (i) at the workplace or on a (ii) community basis. However, they are obligatory in plantations. The CLW has recommended that small units could be lent a helping hand by the State in organizing recreational facilities for its workers in industrial housing colonies: statutory bodies could be constituted in the States to supervise the provision of recreational facilities, especially the handling of finances; trade unions could also take the initiative and different agencies could combine their efforts to provide minimum number of sports and recreational activities to keep the labour force fit and healthy. Excursions could also be organized with the expenses shared by the State and employers, youth clubs formed to discourage laziness and bad habits, subsidised holiday homes provided and encouragement given to deserving sportsmen, writers and artists among workers.

Transport Services

The growth of industrial states and workshops outside the city has made commuting a problem for workers. In India, since the public transport system is not fully developed and hardly efficient, the fatigue of travel to and from work has a detrimental effect on the attendance pattern of workers. The CLW after studying the situation recommended that transport on a large scale is best provided by the State; that the local bodies should streamline their operations, increase their fleet and the frequency of buses especially to labour colonies, industrial estates and townships, and for carrying workers to and from night shifts. They feel that employers could help by giving conveyance allowances, loans to purchase bicycles, provide parking facilities, etc. In metropolitan cities, NCL and CLW have suggested that work hours be staggered, so as not to burden the transport system. In the case of smaller units they suggested that transport be provided on a joint basis.

Allied Welfare Measures

Cooperatives and Saving Facilities. Cooperative consumer stores are important to industrial workers because they are the only way in which workers can try and safeguard, to some extent, the real purchasing power of their money and prevent the erosion of their wages. The cooperative and credit movement also helps the worker to save for unforeseen domestic crisis. A Committee was set up in 1961 by the National Cooperative Development and Warehousing Board to suggest measures for the development of the cooperative movement. The Committee recommended a pattern of organization and structure and made suggestions with regard to finance, techniques and management of cooperatives. It felt that it should be made obligatory for employers and industrial undertakings to introduce consumer cooperative activities in their labour welfare programmes. The Indian Labour Conference in 1962 adopted a scheme for setting up consumer cooperative stores in all industrial establishments including plantations and mines employing 300 or more workers. The employer was to give assistance in the form of share capital, working capital, loan, free accommodation and other amenities. The Industrial Truce Resolution, 1962, aimed at keeping prices of essential commodities low by opening a sufficient number of fair price shops and cooperative stores so that workers were assured of a regular supply of essential items. The Standing Labour Committee, 1963, felt that if no cooperative store existed in an industrial establishment, fair price shops provided by the employers could increase their coverage and be run by employers, till a cooperative store was set up. The Committee further stressed that in areas where there was no fair price shop or cooperative store, one should be set up if it would have the patronage of at least 200 workers. At the end of March 1968 fair price shops were opened in only 2169 out of 4008 establishments required to do so. No statutory legislation has been forthcoming, though the government has been constantly urging employers to provide this facility.

The CLW has recommended that the limit should be reduced to 200 workers provided that the turnover is adequate and essential items are not easily available from private shops; that cooperative stores should be opened in housing colonies rather than in the precincts of industrial establishments; and that the government should ensure a regular supply of essential commodities to these shops. Both CLW and NCL have suggested the formation of credit societies for workers, especially since many are in debt, with management providing the accommodation, furniture, training, etc. The restrictions prevailing in these credit societies should be relaxed to ensure a larger membership and increased capital. The CLW has stressed the role of the Central and State Governments in propagating the need for and utility of such societies.

Educational Facilities

Education, whether for the citizen or the industrial worker, is of equal importance, since the latter even if he works in a factory, has to cope with change, which is most often technological. The literate worker is naturally more receptive. Educating the worker's family, especially his children, is essential, since in a sense, it is an investment in training the workforce of the future. Surveys on labour conditions indicate that no tangible efforts have been made to eradicate illiteracy among workers. Though the government, employers and workers are aware of the importance of developing adult education among workers, there has been no sustained effort. There have been various suggestions on how to educate workers—one is the provision of night schools, for those who are inclined. Workers in reply to the CLW questionnaire felt that if sufficient incentives are provided, like promotions, they would be motivated. Social welfare bodies can also help to educate workers' families.

The Central Workers Education Board conducts classes for industrial workers. Employers and workers' organizations have suggested that personnel trained by the Board should subsequently take up the work of educating industrial workers with the government financing the project. State Governments are of the opinion that the Central Board is already overburdened and not capable of taking on an added burden. A panel of experts on literacy set up by the Planning Commission expressed the need for a semi-autonomous Central Board to promote literacy among industrial workers. The Board, as suggested by the panel, was to consist of representatives of the government, employers and workers. Illiterate workers were to be educated, using schemes depending on local conditions and the help of educated workers. Finances were to be allocated by the concerned ministries and the Planning Commission.

The NCL and CLW recommended that trade unions should take an active interest in educating workers and running schools for workers' children.

Educational facilities for workers' children are usually available in industrial townships, in the form of schools, colleges, provided by the State or by interested employers. Employers also provide transport if schools are far away and a few even reimburse cost of textbooks and institute scholarships for deserving children. However, the standard of education in many schools is often poor and needs to be improved.

There is no statutory obligation with regard to education for workers' children in any industry except in plantations. The CLW has recommended that the State Government should take interest in workers' children for a better man-management relationship; that a fund could be created, with different industrial establishments contributing towards the education of their workers' children; funds could also be raised through contributions from employers and workers. The provision of educational facilities either by the state or employer, or jointly will help a great deal in improving the worker's commitment and give him a sense of belonging and achievement. It is an expensive scheme and hence needs to be provided for by the State, employers and social welfare agencies.

Distress Relief and Cash Benefits

There are many non-statutory welfare amenities available to industrial workers, depending on the importance the employer attaches to these benefits. One is an ex-gratia payment called Distress Relief and Cash Benefit paid in case of death, injury, sickness, marriage or as a felicitation grant. It is a gift made by the employer to his worker. Advances are also given at the time of festivals. Such schemes exist in many industrial undertakings. India Tobacco gives a sum of Rs. 250 to dependents in the event of the death of their worker. Delhi Cloth Mills have an employee Benefit Trust Fund with certain regulations concerning payment in the event of marriage, death, etc. Air-India has a staff welfare fund, which provides grants for prolonged illness, funeral expenses, etc. The Life Insurance Corporation provides financial assistance in the event of floods, famine, fire, etc. The Railways also have a benefit fund. Most mines have a Distress Relief Scheme, given the hazardous nature of the industry. Workers' organizations have constantly stressed the need for distress relief funds in all industries to help workers cope with sudden calamities. The CLW has recommended that workers and employers should work out a mutually acceptable formula for such benefits and that State Labour Welfare boards should earmark a portion of their funds to help small scale units.

Evolution of Social Security Measures

Social security forms an important part of labour welfare providing the 'security' which is of great importance to the worker's and his family's well being.

The ILO definition is basically that

> "it can be taken to mean the protection which society provides for its members, through a series of public measures, against the economic and social distress that otherwise would be caused by the stoppage or substantial reduction of earnings resulting from sickness, maternity, employment injury, unemployment, invalidity, old age and death; the provision of medical care; and the provision of subsidies for families with children."[5]

The government usually takes steps to protect its citizens against these risks but it has found it necessary, in some cases, to take the help of employers, to ease the financial and administrative burden.

In Beveridge's[6] opinion the term social security is used "to denote the security of an income to take the place of earnings when they are interrupted by unemployment, sickness or accident, to provide for retirement through age, to provide for loss of support by the death of another person and to meet an exceptional expenditure such as those connected with birth, death and marriage." Social security is provided either by way of insurance or assistance from the state, from its own resources.

Formation of ILO

The term social security came into general use after 1935, the year the US passed the Social Security Act introducing the old age pension system. It was administered by the Federal Government, and paid for by employers and employees.[7] It gradually referred to similar schemes in other countries. The formation of ILO in 1919 to promote social justice through: (i) international standards; (ii) providing information; (iii) technical assistance and guidance; and (iv) cooperation with other international organizations, provided the direction and impetus needed by most countries. Twenty-nine conventions and 27 resolutions passed by ILO refer to social security.

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[5] International Labour Office, *Introduction to Social Security*, Geneva, 1984, p. 3.

[6] W. Beveridge, "Social Insurance and Allied Services", in: K. N. Vaid, *Labour Welfare in India*, Shri Ram Centre for Industrial Relations, New Delhi, 1970, p. 251.

[7] Employers' Federation of India, *Social Security in India: A Review*, Monograph No. 13, Bombay, 1970.

According to the Indian government's Committee on Labour Welfare, it felt it right that with passing years, social security measures, such as provident fund and gratuity, should also be included in this definition. The ILO objective in passing the resolution was to set minimum standards. The delegates felt that the extra expenses incurred would be offset by the increase in production.

In India, various factors contributed to the evolution of social security legislation. The growth of industrialisation, exodus to the cities, the disintegration of the joint family system, all meant that individuals did not have the kind of resources needed to cope with unexpected risks. The change in the social and political atmosphere, because of the stress on the upliftment of the masses as advocated by Gandhiji, made a considerable impact.

The Government of India involved in war proceedings during the Second World War introduced labour welfare schemes in their ordinance, ammunition and other factories, involved in war production to boost morale. The Rege Committee set up in 1944 reconfirmed the role of both the employer and the Government in this area and listed a number of facilities which they felt, if provided, would promote a feeling that workers had a stake in industry and thus reduce labour turnover and absenteeism. The Industrial Truce Resolution (ITR) of 1947 adopted by representatives of the government, employers and workers for the reconstruction of the country's economy stressed the importance of labour welfare for industrial unity. This was further emphasised in the Directive Principles of State Policy. The Second Plan made a statement on the principles of labour welfare and emphasised the employers' responsibility. The Third Plan stressed the need for efficiency and the intensification of cooperative activity. The Central Maternity Benefit Act and the Iron Ore Mines Labour Welfare Act were passed during the Third Plan period.

During the Fourth Plan a variety of social security measures were implemented, among them the employees' family pension scheme, legislation requiring payment of gratuity at the time of retirement and finally extension of the employees State Insurance scheme to insured persons' families. The Fifth and Sixth Plans continued to expand the social security benefits, including expansion of the ESI scheme. However, being a dynamic subject no rigid limits could be set and it has evolved, according to the changing conditions of the social, industrial and political environment.

Workmen's Compensation Act, 1923

This was India's first social security legislation, passed in 1923 to provide employment injury compensation to industrial workers. The Act was amended in 1962 raising the wage limit to Rs. 400 per month, and at present by the amendment of 1976 the wage limit is fixed at Rs. 1000 per month. The compensation limits in case of death were raised from 10,000 to 30,000 and for permanent and total disablement from 14,000 to 40,000 by the same amendment. The term 'workers' in the Act refers to those employed in factories, mines, plantations, construction work and other hazardous occupations, except those covered by Employee's State Insurance Act, 1948, and clerical employees. The compensation is related to the extent of the injury or death, but the employer is not responsible if a workman sustains his injuries under the influence of drugs, drinks, etc. Length of service is not a consideration for quality of compensation or eligibility except for occupational diseases, where it is six months, and within two years of termination in the case of an employee whose services had been terminated. The Act also provides for half-monthly payment for temporary disablement, but the compensation cannot exceed half the monthly wages. A workman cannot claim damages in a civil court and still expect to benefit from the Act. It is administered by a Commissioner, appointed by the government.

The National Commission on Labour (1969) recommended that workmen covered under the Act including supervisors should be eligible for compensation, without any wage limit. It also suggested the formation of a Central fund for workmen's compensation to be controlled by the Employees' State Insurance Corporation. The first recommendation is being gradually implemented while the second is under consideration.

Employers and trade unions have a major role to play in bringing down number of industrial injuries in factories. Table 10.1 gives an idea of the type of industrial injuries and the compensation paid.

TABLE 10.1 Industrial Injuries in Factories

Years	1974*	1975*	1976*	1977*
Fatal	650	660	831	686
Non-fatal	248,460	241,663	299,488	315,552
Total	249,110	242,323	300,319	316,238

Compensated injuries and amount of compensation paid under workers' compensation Act, 1923:

Years	1974*†	1975*†	1976*†	1977*†	1978*†
Compensated injuries	34,709	31,435	43,088	49,011	51,988
Compensation paid (in lakhs)	125.22	142.10	134.27	234.86	308.44

*Provisional

†Incomplete

Source: *Pocket Book of Labour Statistics*, Labour Bureau, Ministry of Labour, Government of India, 1982.

In the area of machine design there is considerable need to pay significant attention to the safety aspect, as also in the layout of the plant, where environmental factors contributing to hazardous working environment should be researched and eliminated. In many advanced countries safety negotiations are an important part of collective bargaining, between management and trade unions, with the apt slogan "safety is a way of life", being of cardinal concern.

Maternity Benefit Acts, 1941–1961

The initiative to provide legislation for maternity was first taken by a few states, followed by the Mines Maternity Benefit Act, 1941 for women workers in mines passed by the Central Government. The general maternity Benefit Act, 1961 which applies to women in factories, mines and other establishments replaced the Mines Act and was adopted by most states. It does not apply to those covered by the ESI scheme.

It is administered by the Factories Inspectorates of State governments in respect of factories, the Welfare Commissioner in coal mines and the Director General (Safety) in other mines. It allows for 6 weeks leave before and after delivery during which period the worker is paid at the rate of the average daily wage. She also gets a medical bonus of Rs. 25 if the employer does not provide for free pre-natal, confinement and post-natal medical care. To avail these benefits she should have completed at least 160 days of service during the preceding 12 months. Both these schemes are based on the principle of employers liability.

Coal Mines Provident Fund & Bonus Scheme Act, 1948

It applies to workers employed in the coal mines (including the National Coal Development Corporation) earning less than Rs. 300 per month. The Bonus scheme applies to all those earning less than Rs. 730 per month in coal mines other than the NCDC and is paid entirely by the employees. A tripartite board consisting of representatives of government, employers and employees administers the PF scheme while the bonus scheme is administered by the industrial relations machinery headed by the Chief Labour Commissioner. The workers contribute 8% of their total emoluments to the provident fund to be refunded fully on retirement or with certain deductions which is matched by the employer. In addition, the employer pays 2.4% of the total contribution as administrative charges. Advances are granted for specified purposes from the amount credited to him. He also gets a quarterly payment equal to 1/3 of his basic wages if he attends work for a certain minimum number of days. To qualify for PF membership he must put in 95 days attendance if working underground and 120 days if working on the surface. For those earning more than Rs. 300 per month, attendance required is 75 days. Eligibility conditions for bonus are certain minimum number of days of attendance and nonparticipation in illegal strikes. The family pension scheme was added by an amendment in 1971.

The Seaman's Provident Fund Act, 1966

The scheme framed under the Act is administered by a tripartite board of representatives of seamen, employers and the Central government. It applies to seamen employed as crew of a ship under the Merchants Shipping Act, 1958, excluding certain categories. They contribute 8% with an equal contribution from the employer and are entitled to a full refund on retirement or after 15 years of membership. In the case of shorter periods, as in the case of coal miners provident fund, the employer's contribution varies. Advances are allowed for specified purposes.

The Plantation Labour Act, 1951

It is administered by State governments who appoint chief inspectors of plantations as required by the Act. It applies to every tea, coffee, rubber and cinchona plantation measuring 10.1 hectares or more and employing at least 30 workers. In Kerala and Tamil Nadu the Act extends to cardamom plantations also. It covers all workers earning less than Rs. 300 per month and working in plantations. All benefits are paid for entirely by the employers, including medical care for the families. The benefits statutorily provided include the provision of drinking water and its conservancy, medical facilities, canteens, in the case of 150 or more workers, creches in case of 50 or more women workers, recreational facilities, umbrellas, blankets and raincoats cash benefits in the case of sickness and maternity are also available to the workers as per rules prescribed by the State Government which also lays down qualifying conditions.

The Industrial Disputes Act, 1947

It is administered by labour courts, industrial tribunals and national tribunals set up under the Act. It is the only measure which provides relief to workers in case of unemployment and applies to all workers employed in any industry earning Rs. 500 per month or less. Compensation for lay off and retrenchment are paid for by the employer in any industrial undertaking except seasonal undertakings (and those with less than 50 employees) if they have worked for a year or more. A worker is entitled to a compensation at the rate of 15 days average earnings. Compensation in cases of closure, is payable at the same rate, but if it is due to circumstances beyond the employer's control, compensation is limited to a maximum of 3 months average earnings. The maximum period for which compensation is payable is 45 days a year but may be more under certain circumstances.

The Employees State Insurance Act, 1948

The scheme is a pioneering attempt of the government to provide medical facilities and unemployment insurance during illness to industrial workers. The scheme is administered by the ESI corporation, an autonomous body consisting of representatives of the Central and State governments, employers, employees, medical professionals also and members of parliament.

The scheme applies to factories that employ a minimum of twenty workers and where the manufacturing process is carried on with the aid of power. It does not apply to seasonal factories. It covers labour employed directly including the clerical staff whose salary in the aggregate does not exceed Rs. 1000 a month.

The scheme operates on a contributory basis with the employers paying 4.7% of the wage bill, a maximum of Rs. 7.50 per week on the highest wage scale, and the insured person (IP) pays about 2.3% of his wage, around Rs. 4 per week, and the maximum corresponding daily benefit rate for the IP is Rs. 15. The State Government which implements the scheme is reimbursed to the extent of 7/8 of the expenses incurred on workers' families and 3/4 of the expenses in the case of workers. In order to qualify for the benefit the workers should have contributed to the scheme for a minimum period of 12 weeks. The corporation has its own service system, hospitals, beds in state government hospitals, dispensaries and insurance medical officers (IMOs) who provide medical care.

The scheme offers five major benefits[8]: (i) medical benefits; (ii) sickness/extended sickness benefits; (iii) maternity benefits; (iv) disablement benefits, (v) dependent's benefits. Finally, in case of an insured person's death an outright grant is given for defraying the funeral expenses.

The scheme provides for medical care through dispensary system, hospitals, etc. Where an insured person has contracted a chronic long-term disease like tuberculosis he gets fairly extensive medical care for almost a year (309) days after the normal entitlement. During medical treatment and temporary disablement, the insured person is paid around half his daily wage. Sickness benefit is provided for 91 days and maternity benefits for 12 weeks.

Disablement benefit, which could be for temporary, permanently partial or permanently total disablement, entitles the insured person to receive cash benefit for absence from work due to employment injury or a result of specified occupational diseases.

The Dependent's benefit refers to the pension given to the widow and the children in case the insured person dies during the course of employment as a result of injury.

Artificial limbs, dentures, spectacles are provided either free or at a nominal cost.

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[8] M. S. Saiyadain, A. Monappa, and M. Mahulkar, *Employees' State Insurance Scheme : An Evaluative Study*, Ahmedabad, Centre for Regional Management Studies, Indian Institute of Management, 1980.

The Social Security convention of ILO No. 102 lays down certain minimum standards for medical care etc. which are listed below for comparison with the ESI scheme.

The Social Security (Minimum Standards) Convention, 1952 (No. 102), of the ILO[9]

The Social Security (Minimum Standards) Convention (No. 102), which was adopted by the International Labour Conference on 28 June, 1952, defines the nine branches of social security benefit. These are:

1. Medical care
2. Sickness benefit
3. Unemployment benefit
4. Old-age benefit
5. Employment injury benefit
6. Family benefit
7. Maternity benefit
8. Invalidity benefit
9. Survivors' benefit

All but the first of these benefits are paid in cash, but two of them—employment injury and maternity—also include an element of medical care; family benefit may comprise a variety of components.

Minimum Standards for Determining Rates of Benefit

The guidelines for determining the standard minimum rates of benefit are tied to a schedule of "standard beneficiaries" and "indicated percentages" (see Table 10.2).

TABLE 10.2

	Standard beneficiary	Indicated percentage
Sickness	Man with wife and two children	45
Employment Injury:		
Incapacity for work	Man with wife and two children	50
Disablement	Man with wife and two children	50
Survivors	Widow with two children	40
Maternity	Woman	45
Invalidity	Man with wife and two children	40
Survivors	Widow with two children	40

Schedule

The schedule is applied where the rate of benefit is calculated by reference to the previous earnings of the beneficiary or covered person. The rate of benefit payable to a standard beneficiary, together with any family allowance involved, should be not less than the indicated percentage of the previous earnings plus family allowance. Formal rules should be prescribed for the calculation of the previous earnings. An upper limit may be set to the rate of benefit, or to the level of reckonable earnings. This level should not be set below the earnings of skilled manual male employee (the Convention gives an earnings level "equal to 125 per cent of the average earnings of all the persons protected" as an alternative.)

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[9] ILO, op. cit., pp. 177–181.

Minimum Standards for Medical Care

The minimum content of a medical care programme includes:

1. general practitioner care, including home visits,
2. specialist care in hospitals and similar institutions for in-patients and outpatients,
3. essential pharmaceutical supplies,
4. pre-natal, confinement and post-natal care by medical practitioners or qualified midwives, and
5. hospitalisation where necessary.

In the maternity benefit branch, the medical care element should include items (4) and (5) of this list.

Duration of Benefit

Medical care and sickness benefit may be limited to 26 weeks on any one occasion, but medical care should, in any case, continue as long as sickness benefit remains in payment. Sickness benefit may be withheld for the first three (waiting) days. A developing country may, on ratifying the Convention, claim a temporary dispensation to limit the duration to 13 weeks on any one occasion.

In spite of all these facilities there have been many complaints about the poor quality of medicines available under the scheme, inadequate medical care and delay in the payment of cash benefits. Employers are of the opinion that the provision of leave encourages malingering and absenteeism. Though the administration and finances of the scheme need to be improved, it is an important step ahead in the sphere of medical welfare.

Maternity cash benefits may be limited to 12 weeks, unless a longer period of absention from work is required or authorised by national laws, in which case, benefit shall continue throughout the period of absence.

Other benefits are payable for the duration of the contingency, except that three waiting days may be imposed on employment injury benefits and invalidity benefit may be superseded by old-age benefit at pensionable age.

The ESI scheme having been finally drafted by ILO experts has a lot in common with the provisions of the Social Security Convention, though as yet it does not provide total Social Security Coverage, particularly its terms of unemployment benefit.

TABLE 10.3 Factories and Employees Covered Under ESI Act

	1978	1979	1980	1981
Number of centres	366*	375	395	411
Number of factories covered ('000)	51,375	61,726	67,807†	75,858
Number of employees in factories covered ('000)	5,543	5,816	5,983	6,332
Number of insured persons ('000)	6,251	6,590	6,850	7,162
Number of beneficieries covered ('000)	24,253	25,867	26,578	27,788

*Incomplete, †Revised

Source: *Pocket Book of Labour Statistics*, Labour Bureau, Ministry of Labour Government of India, 1982.

Employees Provident Fund (EPF) Act, 1952

The EPF scheme framed under the Act is administered by a tripartite central board, consisting of representatives of employers, employees, Central and State Governments. It applies to all factories and other establishments falling under any notified industry and employing 20 or more workers. Till 1976, the EPF Act covered a total of more than 150 industries/classes of establishments with over 8 million workers. The Assam Tea Plantations and Jammu and Kashmir have a separate act and scheme. It applies to workers earning less than Rs. 1600 per month. Those earning more than this can be covered if a joint request is made by the employee concerned and his employer. There is also a provision for exemption of establishments where benefits are as good as those in the Act. Workers in establishments employing between 20 and 50 persons pay 6.25% of their earnings and those with a larger strength pay 8%, Employees make an equal contribution. In addition, employers pay varying amounts as administrative charges according to the size of the units while those with less than 50 workers are 'exempted' from the Act. A worker is eligible to become a member of PF if he has completed six months continuous service or 120 days work during a period of 12 months.

The PF is refunded with interest in the event of death, permanent disability, superannuation, retrenchment, migration or on leaving service. On retirement or after 15 years of service a worker receives his own share and the employer's contribution. For shorter periods of membership, the proportion of employer's contribution varies according to the length of service. Advances are also granted from the member's account for specified purposes. All PF accumulations are invested in government and other guaranteed securities, according to the pattern specified by the central government

Depending on the earnings on these investments, interest is allowed to the workers annually, on the amounts to their credit.

Employees Family Pension Scheme, 1971

The family pension seeks to provide some monetary relief to the family members of employees, who die in service, i.e. before superannuation. In the event of an employee's death his family gets pension on a graded scale depending on the employee's last salary grade. The range of pension is around Rs. 50 to Rs. 200. In addition to pension a lumpsum of Rs. 1000 is also paid as life assurance benefit. Those employees who retire from service, get a lumpsum of Rs. 4,000 as retirement benefit, obviously under the present scheme, retiring employees do not benefit from any sort of pension.

The employee, the employer and the State government contribute $1 - \frac{1}{6}\%$ of the employee's pay as contribution to the fund. The central government pays the administrative cost of the scheme.

Payment of Gratuity Act, 1972

The West Bengal Government first passed an ordinance in 1971. Later, the Indian Labour Conference and the Labour Ministers at their meetings felt the need for a Central law on gratuity. The model of West Bengal was accepted (except the provision that gratuity should be forfeited in case of dismissal or gross misconduct) the payment of Gratuity Act was passed in 1972. This Act has a wide coverage, and includes all factories, mines, oilfields, plantations, ports, railways, shops or establishments in which 10 or more workers are employed and such other establishments as specified by a Central government notification. The Act provides that for every year's continuance in service, an employee should get 15 days wages—seasonal workers are to be paid gratuity at the rate of 7 days wages per season. The total gratuity payable shall not be more than 20 months wages. The Act applies to workers who do not have any managerial or administrative capacity or are employed under the government and do not draw wages exceeding Rs. 1,000 per month.

Gratuity is payable on termination of employment after rendering continuous service for at least 5 years unless termination is because of death or disablement. These are the basic provisions of the Gratuity Act. However, in the private sector and in the public sector there are more liberal variations. There are proposals to make the basic Act a bit more generous.

Central Government Health Scheme, 1954

This scheme provides medical facilities to Central government employees and their families in Delhi, Bombay and Allahabad. The employers covered are required to contribute between 50 paise and Rs. 12 per month depending on their salary scale. The State governments provide medical care to their employees in State Government hospitals and the railways have their own hospitals and dispensaries.

Deposit Linked Insurance Scheme, August 1976

If a subscriber to EPF or the Coal Mines PF dies, his family will get an additional payment from the scheme, equivalent to the average balance in the PF of the deceased during the preceding 3 years, subject to a maximum of Rs. 10,000. However, the minimum balance in the PF must be Rs. 1,000. This is to ensure that members do not take too many non-refundable advances from the fund. The employer pays 50 paise and the Central Government pays 25 paise for every Rs. 100 of the wage bill of each employee per month toward the scheme. In addition the employer contributes 5 paise and the Central Government 10 paise, of the wage bill as administrative charges. The employee makes no contribution.

Benefits to Workers

Chatterjee[10] estimated that if an employee qualifies for all the benefits available under the various schemes framed under the EPF and Family PF Act, he can get 16% of his wages per month accumulated over the years plus the accumulated interest, and a retirement benefit of Rs. 4000 in lieu of family pension. In the case of his death his family gets all his PF accumulation with interest, a lumpsum of Rs. 1000, family pension for 7 years at an enhanced rate, then after 7 years at the usual rate, a maximum of Rs. 10,000 under the deposit linked insurance scheme. There is no doubt that workers if they are willing to comply and save need not fear for the future, for themselves, or their families. Two other schemes of general applicability, though a little beyond the scope of this study, are life insurance and the Public PF scheme which is managed by the National Savings Organization and intended for lawyers, doctors, artists and other self-employed people. The scheme seeks to encourage savings among these groups by offering incentives like income-tax rebate on deposits, tax-free interest, protection against attachment of courts, etc.

There are many areas of labour welfare that are not covered by statutory regulations. However, some amenities which were considered fringe benefits in earlier times are now deemed important for the worker's well being. We will now consider the present state of affairs with regard to labour welfare, amenities, both statutory and non-statutory, and the areas for improvement as suggested by the Committee on Labour Welfare (CLW) and the National Commission on Labour. A draft scheme of unemployment insurance has been under consideration of the government. It proposes to cover workers who are earning less than Rs. 500 per month and are members of the EPF. Resources are to be raised through contributions from workers at 0.35% of their wages and an equal amount from unemployers. The unemployment benefit, i.e. half the average wage, would be available to the worker if he completes a year's service and fulfils the other qualifying requirements. It would be given after a waiting period of 6 days for a maximum of 6 months or until reemployment whichever is earlier. Some states have introduced old-age pension for persons of 60 to 65 years of age and above who cannot work and have no one to support them. In Tamil Nadu, Punjab, West Bengal, Rajasthan, Orissa, Uttar Pradesh, Andhra Pradesh and Kerala they are paid in the range of Rs. 25 to 40 per month.

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[10] N. N. Chatterjee, *Management of Personnel in Indian Enterprises, Concepts, Practices and Emerging Trends*, Calcutta, Allied Book Agency, 1978.

Central and state government employees and employees of quasi-government bodies have their own departmental rules with regard to PF, retirement benefits, etc.

With regard to gratuity, before the enactment of the Payment of Gratuity Act, it was governed by agreements, recommendations of the wage boards or departmental orders in public sector undertakings. The Indian PF Act, 1925, introduced the PF scheme in the Railways and industrial undertakings run by the government. Later, with the PF Act, 1952, it was extended to other industries. Though contribution to the PF fund is limited to 8% in the case of the employer, the employee can contribute a minimum of 6¼% or up to a maximum of 8⅓%. Employees, who are members of the PF scheme, are entitled to non-refundable advances for the payment of LIC premium, house purchase, loss of employment due to closure of establishment or medical contingencies. The CLW has recommended that where employers default on their PF contribution they should be liable for punishment including imprisonment for repeated violation of the law, and that the PF benefit be extended to cover all undertakings whatever their size or the nature of industry.

Labour Welfare and Social Security: Some Concerns and Issues

In this final section the extension of labour welfare and social security programmes to a larger number of workers is examined. The role of the statutory welfare officer and some suggested changes in the role are also considered. Finally the problems of integrating the diverse variety of social security-oriented schemes into a single comprehensive package are considered along with possible solutions.

Social Security Scheme for Unorganized Labour

There is a vital need for a social security scheme for unorganized labour. The Factories Act and the EPF Act should at least cover establishments with 5 or more workers. There were an estimated number of 1,25,000 units in the small-scale sector in 1968 with three lakh workers. The number is much more now. Maharashtra has brought forward an enactment to cover workers involved in loading and unloading operations, which could serve as a guideline for similar legislation in other states and for other small-scale units and workers.

Review of Existing Welfare Amenities in Rural Areas

Attempts have been made through legislation to regulate the security of tenure and to prescribe a minimum wage for workers in the rural areas. A radical labour reform policy was introduced to ensure the redistribution of land and also that the available land could be fully utilised by a maximum number of cultivators as well as intensely cultivated. This was meant to discourage large land holdings as well. However, it is very difficult to bring any uniform law for rural labour since even a comprehensive definition does not make a labourer easily identifiable. The Minimum Wages Act, 1948, has not made much impact on rural labour. They fall into different categories—temporary, casual, etc. Also, the seasonal nature of employment does not allow a uniform policy with respect to them. The vastness of area to be covered, the illiteracy of workers in the rural areas who are not aware of their rights and the sheer numbers of the units makes it difficult even for inspection by staff, which is already scarce. In 1952, the first national programme on Community Development, was initiated with schemes to provide drinking water, health and sanitation facilities, cultural and recreational activities, family planning and nutrition programmes for the rural workers. Special programmes were also initiated for the scheduled castes, scheduled tribes and backward classes. The Department of Social Welfare made periodic grants for the implementation of these schemes. A rural manpower programme was also initiated to provide employment opportunities during the off season for healthy workers. The rural housing programme has not made much progress, especially after a change in the Third Plan classified it as a Centrally aided scheme. The scheme to provide house sites to landless agricultural workers/farmers has made good progress in certain states like Tamil Nadu. There seems a need, as stressed by the CLW, for a special agency to take interest, administer and organize the rural housing scheme at the State level. To hasten matters, cooperative housing societies may also help to provide rural workers with their own homes, with the workers providing some investment. The CLW has suggested that health and education schemes in rural areas should be given high priority by panchayats, local bodies and other social groups; that indigenous systems of medicine can be advocated; that voluntary agencies, panchayats/zilla parishads, take up the challenge of providing drinking water in villages; that timings of rural schools be changed so that the children of rural workers can be educated besides helping with the land; that the education provided should have an occupational bias, and that scholarships be given to the children of landless labour. The CLW feels that the local general administration has to be toned up to cope with rural welfare and that administrative units at the district, block, village level be strengthened financially, and personnel trained to take up this special task.

Welfare Amenities for Agricultural Labour

It has been argued that since agricultural labour is migratory, employment is seasonal, and there is no clear employer-employee relationship, it is difficult to bring forth any legislation to cover agricultural labour. Some landowners do provide cheap grains, or free grains, as part of wages or in addition to wages. The Agricultural Labour Seminar in 1965 recommended that efforts should be made to identify agricultural labour as far as possible and differences should be resolved, to extend certain welfare measures to agricultural labour on the lines of those provided by the Plantation Labour Act. Though the State has tried to promote the development of cottage, Khadi and village industries, handlooms and handicrafts, it has not made much of an impact on the problem of rural unemployment. It was also suggested that the scope of the rural manpower programme could be widened to include the construction of public amenities in rural areas.

The CLW has recommended that a few minimum amenities should be necessarily provided for agricultural labour—these include drinking water, health and medical facilities, protective safety equipment, cheap housing on an easy instalment basis or house sites free of cost or with nominal rent, free educational facilities for children of landless labour and rest shelters at places of work. It has also been suggested that farms employing five or more workers should be statutorily made responsible for providing drinking water, first-aid, rest shelters, protection equipment and safety appliances; that the Workers Compensation Act be extended to agricultural industries or similar provisions made.

There is a vital need for the reorientation and training of farm labour in the use of sophisticated machinery and chemicals.

The CLW feels that the development of model villages will set a good example. Labour welfare centres could also take the responsibility with allocations from plan funds, subsidies and grants to provide welfare amenities.

However, much the government may try and do, the target to be achieved is of gigantic proportions and it is only progressive landlords and landholders who can make the lives of agricultural labour more conducive.

Statutory Welfare Funds

Workers in small scattered industrial establishments in remote areas still remain outside the scope of existing legislation. This is because of statutory limits and limited financial resources. In 1944, the government decided to constitute a Statutory Labour Welfare Fund to provide welfare amenities to coal mine workers. This became an Act (the Coal Mines Labour

Welfare Fund Act, 1942), to constitute a fund, the Coal Mines Labour Housing and General Welfare Fund. By the provisions of the Act a cess was levied on coal despatched from collieries at the rate of not less than 25 paise and not more than 50 paise per tonne as may be fixed by the Central government. At present the cess is between 41 and 49 paise. The money in the fund was used for housing and general welfare on a 50:50 basis. It was administered by the Coal Mines Labour Welfare Commission. Similar funds also exist for workers in mica and iron-ore mines. Welfare funds have also been constituted in the Assam Tea Plantations and the Sugar and Power Alcohol industries. Employers are of the opinion that legislation on the Constitution of such funds in other industries should be kept at a minimum and unorganized labour should first be taken care of, before a further burden is placed on industry. The CLW feels that there should be one coordinating agency at the State level to administer and implement welfare plans for factories, which are not covered by the Factories and EPF Acts, and welfare centres should be increased in areas where they are inadequate. The finances for this fund can be provided according to CLW by fines collected from employers for default of labour laws, unpaid wages, bonus, voluntary donations, grants, subsidies, from the Central and State governments and local bodies and can be augmented by organizing lotteries, dramas, concerts, etc. The CLW feels that the labour welfare boards would be the competent authorities to administer these funds since they would combine the responsibilities of administration and provide amenities on a reasonable scale to all sections of labour, for the Board represents all major interests. Also, since it has wide financial and administrative powers it can be elastic in its decisions, and cut down on administrative delays and costs, and function in a coordinated manner. It has suggested that states that do not have a tripartite and autonomous labour welfare board should initiate legislation to set up such boards. The boards should try and utilise the available funds as best as possible, ensuring maximum benefits to the workers at minimum cost. The activities could include programmes for physical fitness, counselling, crafts, libraries, etc. Maharashtra and Gujarat have already initiated such schemes administered by statutory welfare boards. The NCL has recommended that the unions should be given grants from the statutory welfare funds to undertake approved welfare measures.

Social Work in Industry

Some organizations have introduced in plant counselling and individualised service to those who need it—with regard to family difficulties, marital problems, problems of adjustments, etc. The counsellors also help to clarify company policies, expectations and get a good idea of the employees, attitudes towards the management. Social workers also work in several industries, and help to fill in gaps that may exist in welfare measures provided, or convey such information to employers whose help they use to remedy the existing situation. These schemes have proved useful in plants where they exist and have contributed to better employer-employee relationships.

Role of the Welfare Officer

This position owes its origin to a recommendation made by the Royal Commission on Labour and later reiterated by the Labour Investigation Committee. The Factories Plantation Labour and Mines Acts provide for welfare officers as a statutory obligation for employers, employing 500 or more workers. The state is empowered to prescribe duties, qualifications and conditions of service. Model rules have been framed by the Central Government to serve as guidelines to the State governments. The Central Model Rules 1957 laid down certain duties for labour welfare officers. Since then, a few have been deleted relating to his wage and employment duties, and responsibilities of acting as a negotiator in disputes. At present the labour welfare officer's duties are confined to welfare work.

Rules framed by most states require a labour welfare officer to have a minimum qualification of a Master's Degree, or an equivalent diploma from a recognised institute, with knowledge of the local language. He is to have, according to legislation, the status of the head of a department. If his service is to be terminated, for reasons other than those in his contract, government permission has to be obtained. His former duties of serving as a buffer between the management and labour, and maintaining a neutral attitude, have been revised.

The growth of industry, necessitated increased welfare measures which the State could not always provide. Many benevolent employers took the initiative as in the case of Calico Mills who as early as 1915 appointed doctors and a nurse to look after their workers, and provided a creche for the children of women employees. Miss Ansuya Sarabhai and Mr. Banker initiated a network of labour welfare activities in 1917, which were taken over by the Textile Labour Association later. By 1920 several mills had labour welfare officers who functioned on paternalistic lines. The Dorabji Tata School of Social Work was set up to train welfare workers and gradually several more schools were set up. The labour welfare officer initially played the role of a social worker and recruitment officer to free workers from the clutches of 'jobbers' who made money at the expense of illiterate and desperate workers on the promise of finding jobs. Later it was made a statutory requirement—though many establishments already had labour welfare officers. Gradually these officers also assumed some personnel functions.

The labour welfare officer supervises the provision of welfare amenities in respect of the law and in matters of safety, health, housing, recreation facilities, sanitary services, grant of leave with wages, etc. He also acts as a counsellor in personal matters and problems of adjustment, rights and privileges, he assists the management in formulating labour and welfare policies, development of fringe benefits, conducting workers' education and training programmes, etc. He helps different departmental heads to meet their obligations under the various acts. He is the liaison between the establishment and outside agencies such as factory inspectors and medical officers, and helps in the enforcement of the various acts. He also helps workers to make better use of community services.

His duties are essentially supervisory. Since he is appointed by the management and is paid by them and is dependent on them for his promotion etc. it is difficult for him to be neutral.

As requested by CLW, the Shri Ram Centre of Industrial Relations made the following recommendations with regard to the role of the welfare officer:

1. that the post should continue as a statutory regulation,
2. that the limit of 500 should continue but could be brought down to 250 in industries which are machine intensive,
3. that the Mines Act should be amended to extend coverage of this facility to all mines employing 250 or more workers. The Plantation Labour Act should be amended so that every plantation under the Act has to designate one of the managerial personnel as the welfare officer,
4. that the central pool of labour officers should be disbanded and the employing Ministries/Departments recruit welfare officers as required,
5. that a labour welfare officer employed in factories or mines should be a post graduate from a recognised school of social work/labour institute and have a working knowledge of the language of the area,
6. that a schedule of recognised institutes should be prepared by the Ministry of Education. The recognised institutes should adhere to minimum standards of training prescribed by the relevant ministries,
7. that the discretionary powers vested in the appropriate government to grant exemptions in regard to employment qualifications of labour welfare officers should be withdrawn,
8. that labour welfare officers training courses and the qualifying examinations should be scrapped,
9. that the neutral role currently assigned should be modified. He should be entitled to such protection, etc. as any other member of the management,
10. that sections of the Act should be amended, so that the labour welfare officer can discharge all duties assigned to him by the management except (i) appear in law courts on behalf of the management (ii) take disciplinary action against workers, and
11. statutory provisions for group welfare officers for small units in one area, in factories, mines and plantations.

The CLW was of the opinion that since there is a growing realisation of the importance of the role of welfare amenities for labour, there is no need for an officer just to supervise the provision of these amenities. They suggested that he should be part and parcel of the personnel department, or one officer of the personnel department could be designated to look after welfare, to fulfil the purpose of law. However, the person designated should be properly qualified and have an aptitude for welfare work.

Problems of Enforcement

Factory Inspectorate Services

The enforcement machinery for factories and other establishments that are regulated by statutory provisions, are part of the State government or Union Territory administration. The Chief Inspector, Factories, heads this department to ensure the enforcement of statutory measures in regard to safety, health, and welfare.

The five-year plans have all emphasised the need for the effective implementation and enforcement of labour laws. However, there is such a dearth of enforcement staff, that it is very difficult for them to perform their duties efficiently. The CLW recommended that the Factories Act be amended so that the fee collected for registration be used solely to improve the enforcement machinery; that the Inspectorate be bifurcated into technical and non-technical wings, the inspectors be given a refresher course to bring them up-to-date; that they be provided with government vehicles, or given a conveyance allowance so that they can cover larger areas. Other suggestions made by the CLW are that a suitable fine should be levied to act as a deterrent to non-compliance. No factory should be sanctioned if necessary provisions for welfare amenities are not provided for in the construction plan. A Tripartite Committee comprising employees, workers and senior inspectors be set up to discuss how statutory welfare provisions can be effectively implemented, that chemical and medical inspectors be appointed to conduct industrial hygiene and health surveys and improved pay scales for inspectorate staff. The NCL on the other hand felt that the enforcement of welfare facilities should be removed from the purview of the factory inspectors and handled by the recognised unions' assistance or Works Committees.

The Need for an Integrated Social Security Scheme

The National Commission on Labour felt that it "should be possible over the next few years to evolve an integrated social security scheme which will, with some marginal addition to the current rate of contribution, take care of certain risks not covered at present. This will be limited to the benefits of: (i) PF and retirement/family pension; and (ii) unemployment insurance. They also suggested the pooling of social security collections in a single fund, for different agencies to draw upon, and disburse for various benefits according to their needs".[11]

The government appointed a one-man commission and asked N. N. Chatterjee to draw up a blueprint for the enactment of a common code of social security. He drafted a five-year plan for a step-by-step integration of the ESI and EPF schemes including those of plantations and mines, and a comprehensive piece of legislation for all social security schemes. He endorsed NCL's recommendation for a common fund, without disturbing the financial discipline of each component scheme, and that a pension scheme be introduced, for which purpose only the employers' contribution of 8% or 6¼% need be used. He did not agree with the NCL's view that the scheme should be financed by an additional contribution of 2% each of the pay, from employers and employees.

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[11] *NCL Report*, 1969.

He felt that unemployment insurance at this stage of economic development could only be introduced as a pilot project in some selected industries. Unemployment, as interpreted by him, was in reference to workers once employed, and temporarily out of work, who should be provided with insurance for a period of 6 months. The Industrial Disputes Act provides for lay-off and retrenchment. The dock workers and those in the Assam tea plantations also have some unemployment relief.

These recommendations are still under consideration. One of the recommendations—that the ESI scheme should cover more establishments other than those prescribed by the Act—is being gradually implemented.

India is still climbing the hill in the field of economic development. Yet it is creditable, if what Chatterjee has estimated is accurate, that it provides its workers with 28% of their wages, in the form of welfare benefits, in addition to their salary. The size of the country has presented its own problems, especially in the administration of social security schemes. It is generally agreed that if the administration of these schemes is decentralised, there could be better coverage and a drastic cut in costs. Employers today are by and large sympathetic to their workers' needs and make the necessary effort to provide welfare amenities—especially in the field of health care. The government, it is true, cannot entirely leave the provision of welfare amenities in the hands of employers, but if it plays a supervisory role, and decentralises the administration, much more could be achieved. Workers' organizations are also alert today, and employers cannot easily take advantage. Social security schemes are hardly subsidised by the government except in the case of their own employees, and a small contribution to the ESI Scheme. The government should pay more attention, in the future, to the 183 million or more workers who do not avail of any benefit.

However, given the situation and the amenities available to the average citizen in India, the industrial worker has been given a better deal. Employers functioning as they are in difficult conditions should also be given credit for their paternalistic role in helping the government to take care of the industrial worker.

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11

Workers' Participation in Management

Introduction

Workers' participation in management (WPM) has come to stay in both developed and developing countries. Its efficacy as a system is no more in question but its content, and structure, is what is debated about, in terms of the 'best fit'. The concept is an extension of the political system to the workplace. In a democracy, participation of the people in the political process is an essential ingredient of the system. Similarly, WPM is an extension of the political process to workplace relations.[1]

Participation in the political context is an influencing process, so also at the plant level, it affects employee terms and conditions of employment. Yet at the same time, the process of participation also helps in understanding the dynamics of an enterprise's viability and hence mutuality helps in establishing greater viability, rather than precipitating a "We-They" culture. Such a process helps in the growth of the individual and creates a sense of belonging.

The structure, content and form of WPM depends on the political ideology and systems adopted by a particular society. Socialist ideologues advocated direct participation at every level of management, whereas the capitalist societies left it unstructured.

Thus the range of WPM, in terms of forms, levels and content, extends from self-management in Yugoslavia, codetermination in West Germany, collective bargaining in the Anglo-American countries to joint management councils and works committees in India.

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[1] A. V. Subha Rao, *Influence of Political Structure on Workers' Participation in Management in Develdping Asian Countries*, Paper presented at the International Industrial Relations Association, Sixth World Congress, Kyoto, Japan, March 1983.

Participation is not merely to protect and further one's interests but is also a system of checks and balances on both the groups, which requires a great sense of responsibility and educated awareness to cope with the several aspects of the participative system.

"Industrial democracy means that workers and employers should feel that in their work they will be evaluated and respected as free persons of equal value within the framework of the rules and natural order and discipline that will always be needed in a well regulated industry. In an atmosphere of cooperation, mutual respect and tolerance, they should have the natural right to influence conditions and measures that affect them directly and the whole community inside the undertaking."[2]

The idea of WPM as an alternative to the capitalist pattern of management has emerged in response to: (i) "the threats from the emerging centres of countervailing power, particularly the organized labour; and (ii) the demands of continuous production during the world wars when managers tried strategies to insure uninterrupted industrial activity."[3]

Other factors which led to the need for WPM are the growth of public enterprises, experiments of industrial psychologists (which proved beyond doubt that a person works better when he wants to work rather than when he is compelled to work) development of scientific management which encouraged closer cooperation between employers and employees in order to increase the efficiency of the undertaking, and the role of ILO which clearly observes in its Philadelphia Declaration the importance of measures which would lead to a close collaboration of workers and employers.[4]

India in its commitment to establish a socialist pattern of society through mixed economy adopted the present system of workers' participation in management which has been an important part of its labour policy since it attained independence. The Second Five-Year Plan laid emphasis on a constructive relationship between employer and employee. According to this plan, a socialist society is built on ideas of service to society and its willingness to recognise such service. It is necessary in this regard that workers be made to feel that they are helping to build a progressive state. The creation of industrial democracy is thus a prerequisite to the establishment of a socialist society.[5] Workers' participation in Management in India can also be traced to one other factor namely the Gandhian approach to management of industrial relations which is based on the concept of trusteeship. Gandhi considered that both the worker and the owner are dependent upon one another and the employer and the employee should further act as trustees for the society. Thus Gandhiji's concept of trusteeship is based on the theme of collaboration between the employer and the employee rather than on conflict.

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[2] T. Aspengren, "What is industrial democracy", *Indian Worker*, March 1969.

[3] C. P. Thapur and K. C. Sethi (Eds.), *Industrial Democracy: Some Issues and Experiences*, New Delhi, Shri Ram Centre, 1973.

[4] K. L. Gupta, *Industrial Democracy in Public Enterprises in India*, Aligarh, Navman Prakashan, 1979.

[5] Government of India, Second Five-Year Plan, New Delhi, Planning Commission, 1956.

Workers' Participation in Management: The Concept

The concept of workers' participation in management is considered as a mechanism where workers have a say in the decision making process of an enterprise.

In the view of social thinkers like Comte and Owen, workers' participation in management should be encouraged for achieving social justice. They were concerned about the status of workers in the factory organization and in order to prevent their exploitation, they observed that workers should have as much power as the management.

From the point of view of social scientists, participative management is one of the tools of management where the emphasis is on the utility of a humane approach. The experiments of Blake, Mayo, Lewin and Likert popularised the belief that if workers are given opportunities to participate in the management process there could be positive gains to the organization's effectiveness and morale.

The form that WPM can take depends on the differences in the level of management, the subject matter of participation, the strength of the union and the pattern of industrial relations. The important forms in which workers could participate in management are collective bargaining, joint decision-making, consultation and information sharing. They may take the form of formal organizations (WCs, JMCs) or an informal system, for instance, a supervisor consulting a worker before taking any decision in which the latter is interested.

The scope, extent, and the form it may take and its successful working depends to a great extent on the objectives as viewed by the three actors of the system industrial relations—the employee, the employer and the government. In India, the objectives as viewed by these three parties are contradictory. The workers expect that WPM schemes will lead to the achievement of security of employment, better wages, bonus, etc. The manager's interest is in the maximisation of profit through increased production. The government expects the scheme to bring about closer association between labour and management and peaceful industrial relations. Virmani suggests that it is this variance in the objectives of participation as perceived by the three actors, that participative schemes have not been able to function successfully.[6]

Figure 11.1 gives the basic concept of participation. It shows the parties involved in the process, namely, management and the workers. It also shows the variety of forms that WPM can take, namely, collective bargaining, works councils and suggestion schemes. It distinguishes the functions of management and workers. Managerial functions involve planning, organization, motivating and controlling whereas the worker has an operative role in the production process.

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[6] B. R. Virmani, *Workers' Participation in Management: Some Experiences and Lessons*, Delhi, Macmillan, 1978.

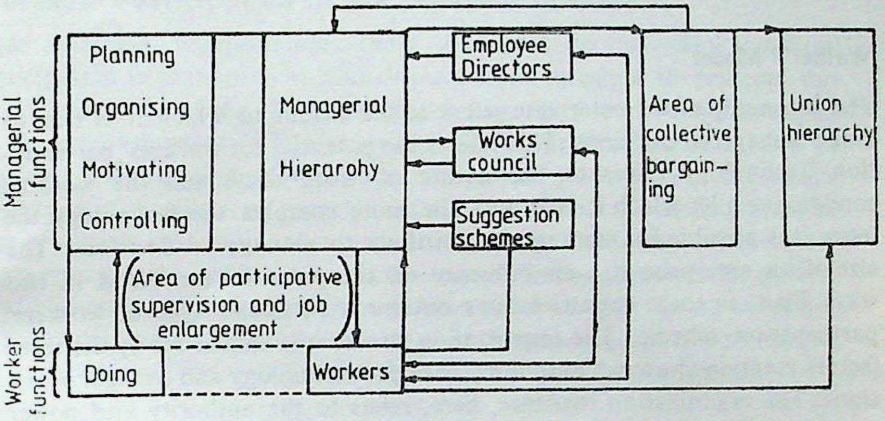
Managerial functions
Planning
Organising
Motivating
Controlling
Managerial Hierarohy
Employee Directors
Works council
Suggestion schemes
Area of collective bargain-ing
Union hierarchy
Area of participative supervision and job enlargement
Worker functions
Doing
Workers

Fig. 11.1 The Basic Concept of Workers' Participation in Management

Source: Walker, K. F., "Workers' Participation in Management in Practice: An International Perspective", *in*: *Industrial Democracy*: *Some issues and experiences*, C. P. Thakur and K. C. Sethi (Eds.), New Delhi, Shri Ram Centre for Industrial Relations, 1973, p. 230.

Workers' participation in management falls into several categories. These are informative, consultative, associative, administrative and decisive participation. In informative participation, there is a sharing of information—for instance, the information regarding production figures, the balance-sheet of the company, and economic conditions etc. In consultative participation workers' representatives are consulted on matters relating to welfare facilities by the management. Here, the workers' representatives act in an advisory capacity and the final decision rests with management. In associate participation the management accepts the suggestions of the council for solving a problem on hand. The management is obliged to accept and implement if the committees take unanimous decisions regarding a problem. In administrative participation, the decision is already taken and the councils (joint bodies) have the right to choose the method of implementing it. This may include administration of welfare measures, operation of vocational training and apprentice schemes and preparation of work schedules. This involves higher degrees of delegation of authority and responsibility to the lower rank and file of the organization. Finally there is decisive participation, the highest form of participation where all matters, economic, financial and administrative are brought under the scrutiny of the councils and the decisions are taken jointly.

Determinants of Workers' Participation in Management

It is felt that the success of WPM is determined by two types of factors: (i) situational, and (ii) human. The former refers to the peculiar characteristics of each enterprise which determine its participation potential, such as its autonomy, its size and organization structure as well as technological factors.

Walker's Model

The autonomy of the enterprise refers to the extent to which it is free to make managerial decisions. This affects the potential for workers' participation. Technology refers to the nature of work done and the working conditions under which it is done. The more complex the technology the lesser it is possible for workers to contribute to managerial decisions. The size of an enterprise has an influence on the potential for WPM in two ways. First, in some countries laws require a particular type of workers' participation scheme. The organization structure is influenced by the three factors mentioned above: autonomy, size and technology and by legal provisions. The organization structure, here, refers to the authority and power one has to undertake managerial functions and the distribution of authority and power within the enterprise.

In addition to the factors mentioned above the environment in which enterprises are situated also influence the type of authority structures adopted by them, which, in turn, determine the 'push' on the part of the workers to get involved in participation in decision-making. For example, enterprises in stable environments tend to adopt 'mechanistic' and rigid type of authority structure which may not give much scope for workers' participation. On the other hand, enterprises in volatile environments tend to adopt more flexible authority structures giving scope for workers' participation.

"Organization structure thus provides varying potential for workers' participation including its scope, degree, extent and level."[7]

By human factors is meant a worker's propensity to participate and the manager's acceptance of the participation schemes. This has three aspects, i.e. (i) workers' attitudes to participation, i.e. whether he has a desire to participate or not; (ii) secondly, the worker's perceived power to participate; if he sees and believes that he has the power, then he makes efforts to participate; (iii) thirdly, his capacity to participate, i.e. his ability to understand the managerial functions and the issues involved in participation and the ability to express himself clearly.

Human factors also relate to a manager's attitude, which is dependent upon the kind of approach he adopts for running an enterprise. This can be either: (i) authoritarian; (ii) paternalistic; (iii) constitutional; or (iv) democratic. These determine not only his acceptance of workers' participation schemes but also the form that they may take.

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[7] K. F. Walker, "Workers' participation in management: Some practices and prospects", *ILLS Bulletin*, No. 12, 1974.

These two 'human' factors interact to determine the participation potential, the form and the type of participation.

Workers' Participation in Management in India

After attaining independence, India attempted to introduce workers' participation in management. One of the earliest attempts to promote this was the provision of the ID Act for the setting up of works committees and for the establishment of bipartite committees in the Factories Act, 1948. (It was after a decade that another form of workers' participation in management came into existence, namely, Joint Management Councils.) Another type of scheme that India introduced is the Joint Consultative Machinery in government undertakings to facilitate cooperation between the government and its employees. Government also tried another form, of having workers' representatives on the Boards of Management in certain public sector undertakings. We will examine the schemes listed in some detail.

Works Committees

The ID Act, 1947 provides for the setting up of works committees which consist of representatives of employers and employees. The Act provides for these bodies in every undertaking employing 100 or more workmen. The aim of setting up of these bodies is to promote measures for maintaining harmonious relations in the work place and to sort out differences of opinion in respect of matters of common interest to employers and employees. The Bombay Industrial Relations Act, 1946 also provides for these bodies but under the provisions of this Act they can be set up only in units which have a recognised union and are called joint committees. Where there is no union the workers directly elect their representatives.

These works committees/joint committees are consultative bodies. Their functions include discussion of conditions of work like lighting, ventilation, temperature, sanitation, etc., amenities like water supply for drinking purposes, provision of canteens, medical services, safe working conditions, administration of welfare funds, educational and recreational activities, and encouragement of thrift and savings.

The works committees have, as office bearers, a President, a Vice President, a Secretary and a Joint Secretary. The President is a nominee of the employer and the Vice President is the workers' representative. The tenure of these bodies is two years. The total strength of these bodies should not exceed 20. The employees' representatives have to be chosen by the employees employed in an establishment and in consultation with the registered trade union.

There is no data available as far as the number of works committees that are functioning. Despite the statutory requirement for setting up of a works committee in an undertaking a number of units did not establish them. The ones which were set up in many instances are not working at all.[8]

Some of the concerns like Tata Iron and Steel Company, Indian Aluminium Works at Belur, and Hindustan Lever had active works committees. In all these the managements have evolved joint committees independently of the statutory requirements.[9]

Joint Management Councils

The Second Five-Year Plan recommended the setting up of joint councils of management consisting of representatives of workers and management. Before implementing this recommendation the Government of India sent a study group abroad (1957) to study the schemes of workers' participation in management in countries like the UK, France, Belgium, and Yugoslavia. The report of the Study Group was considered by the Indian Labour Conference (ILC) in its 15th session in 1957 and it made certain recommendations:

1. that workers' participation in management schemes should be set up in selected undertakings on a voluntary basis;*
2. that a sub-committee consisting of representatives of employers, workers and government should be set up for considering the details of workers' participation in management schemes. This committee should select the undertakings where workers' participation in management schemes would be introduced in the first stage on an experimental basis.

The JMC scheme had the following objectives: (i) to increase the association of employers and employees thereby promoting cordial relations between them; (ii) to improve the operational efficiency of the workers; (iii) to provide welfare facilities to them; (iv) to educate workers so that they are well equipped to participate in these schemes; and (v) to satisfy his psychological needs.

A tripartite sub-committee was set up as per the recommendations of ILC which laid down certain criteria for selection of enterprises where the JMCs could be introduced. They are: (i) the unit must have 500 or more employees; (ii) it should have a fair record of industrial relations; (iii) it should have a well organized trade union; (iv) the management and the workers should agree to establish JMCs; (v) private sector employers should be members of the leading employers' organization; and (vi) trade unions should be affiliated to one of the Central Federations.[10]

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[8] C. A. Myers and S. Kannappan, *Industrial Relations in India*, Bombay, Asia Publishing House, 1970.

[9] S. Kannappan, Workers' participation in management: A review of Indian experiences, *IILS Report, No. 5*, 1968.

*The voluntary nature emanating from an agreement between management and trade unions.

It was observed by the sub-committee that if the workers and employers mutually agree they can set up JMCs even if these conditions are not met.

The sub-committee also made recommendations regarding their composition, procedure for nominating workers' representatives, the membership of JMCs, etc. The details of these aspects have to be worked out by the parties themselves. A draft model agreement was drawn up regarding the establishment of JMCs (see Appendix 1). This sub-committee was later reconstituted as the "Committee on Labour Management Cooperation" to advise on all matters pertaining to the scheme.[11]

The tripartite committee originally prepared a list of 50 enterprises and later the target was raised to 150 to introduce JMCs. By 1966 it was found that 124 JMCs were in existence.[12] This number dropped to 80 in 1978.[13] And a good number of these were not working. Some of the organizations which were successful with experiments of workers' participation are TISCO, Indian Aluminium Company and Aluminium Industries of Kundara. By an agreement with its union, TISCO agreed to establish a comprehensive scheme of joint consultation. Under this scheme a 3-tier system of consultation was set up (see Appendix IIB).

Some of the factors responsible for its success were the presence of one strong union (as in TISCO), the assignment of certain administrative functions and the distribution of prizes for achievement of production targets.[14]

The Aluminium Company also, as a corollary to its agreement with its union, provided for joint consultation at various levels through five joint committees.

These JMCs were in addition to the works committees which were set up in undertakings as per the provisions of the ID Act, 1947.

Evaluation of the Scheme

The first evaluation of the working of the JMCs formed a part of the Report on the Second Seminar on Labour-Management Cooperation, 1960, consisting mainly of the initial reactions to the scheme. Since 1961, 30 studies have been attempted by the government to be published later as "Reports on the working of JMCs".[15] The main conclusions of these studies were:

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[10] V. V. Giri, *Labour Problems in Indian Industry*, Bombay, Asia Publishing House, 1960.

[11] M. V. Pylee, *Workers' Participation in Management, Myth and Reality*, New Delhi, NV Publications, 1975.

[12] N. R. Sheth, *The Joint Management Councils: Problems and Prospects*, New Delhi, SRC, 1972.

[13] N. N. Chatterjee, *Management of Personnel in Indian Enterprises*, Calcutta, Allied Book Agency, 1978.

[14] N. Das, *Experiments in Industrial Democracy*, Bombay, Asia Publishing House, 1960.

[15] Government of India, *Report on the Working of JMCs*, Ministry of Labour and Employment, 1965.

(i) only few undertakings had JMC meetings once a month; (ii) workers were more interested in having more facilities rather than discussing problems such as productivity, absenteeism, and methods for more efficient utilization of resources; (iii) there was hardly any sharing of information; (iv) failure of implementing the 'unanimous decisions' of the JMCs.

In 1966, another report was published by the government, prepared by the Chief Labour Commissioner (Central), New Delhi. This report and the minutes of the meetings of the public sector undertakings show that there was not much progress, but efforts should be made by public sector undertakings to set up JMCs.

Another study[16] was conducted by the Joint Director, Labour, Employment and Rural Manpower, Planning Commission to acknowledge that the scheme did not make headway and aiming at a target of 150 it never had more than 125.

The evaluation reports as well as the National Commission on Labour (1969) and the Report of the Central Ministry of Labour (1974–75) observed that the scheme of JMCs did not meet with success. The effect of these attempts to encourage workers' participation in management has been studied by scholars and committees appointed by the Indian Government. Notable among the former are those of Kannappan[17] and Tanic.[18] Kannappan observes that works committees have not met with success and it seems that the fate of JMCs would be same. He further observes that these have not led to advances in increasing the participative role of workers in the decisions of the firm. Tanic on the other hand feels that workers' participation cannot be successful in the existing social, political and cultural context of India.

Other studies[19] as far as the working of the JMCs was concerned came to the conclusion that neither did these find acceptance among managers nor could they fulfill the objectives for which they were promoted. The problems which the JMCs faced related to their relevance in fulfilling the organizational objectives and the overlapping of their functions with those of the works and production committees. Alexander's study[20] of JMCs came to similar conclusions.

A recent study by Gupta[21] made a critical analysis of various worker participation schemes in public enterprises in India and suggested measures to improve the working of these schemes. He observed that works committees and JMCs, wherever formed, appeared to be in the form of 'welfare' organs, participating in the sharing of information, than of consultative bodies.

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[16] K. V. Iyer, *Labour Gazette*, Aug. 1968.

[17] Kannappan, op. cit.

[18] Z. Tanic, *Workers' Participation in Management*: Ideal and Reality in India, New Delhi, SRC, 1969.

[19] Sheth, op. cit.

[20] K. C. Alexander, *Participative Management*: *The Indian Experience*, New Delhi, Ministry of Labour and Employment, 1965.

[21] Gupta, op. cit.

There are exceptions to this trend, for example, TISCO of Jamshedpur introduced workers' participation in management scheme as early as in 1919 and the scheme of joint consultation is functioning fairly successfully. Indian Aluminium also had successful experiments of workers' participation in management.

Issues Relating to JMCs

JMCs faced many difficulties in their working which relate to management, workers and trade unions.

Some of the factors relating to management are: lack of faith and commitment to the scheme; ignoring the unanimous decisions of the JMCs; and failing to inform the councils when decisions are taken based on the JMCs recommendations.[22] Another problem as expressed by the management is the lack of clarity in the objectives of the scheme. Again, the failure of the scheme had to do with the attitudes of both management and trade unions. The differences that exist between the management and the workers led to a lack of interest in the scheme. The traditional attitudes of superior towards a subordinate continued to exist. Thus a collaborative relationship could not be established.[23]

Another problem relates to the divergent expectations aroused by the scheme. Managements reacted negatively to the term "participation". The workers used it to demand more than was intended in the scheme. The juxtaposition was between the participation implied in the scheme and the advisory nature of the councils. Workers wanted the former because it would give greater weight to their opinions and the management the latter because it preserved their discretionary powers. Thus both the parties were disappointed by the scheme.[24]

It was found[25] that the most important prerequisite for making the workers' participation in management successful is the creation of a climate of cooperation in the undertaking instead of establishing JMCs as a mere formality. One of the ways to create this climate can be by recognising the representative union of workers and ensuring, in consultation with the union, fair working conditions. In this climate the workers would develop an interest in managing of the enterprise.

Other Forms of Workers' Participation

In 1971, the government introduced the scheme of workers' representation on the Board of Directors of public enterprises in two manufacturing units

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[22] Government of India, *Report on the Working of JMCs*, op. cit., 1965.

[23] Pylee, op. cit.

[24] D. P. Pandit, *The Workers' Participation in Management*, New Delhi, Institute of Economic Growth, 1962.

[25] V. B. Karnik, *Indian Labour, Problems and Prospects*, Calcutta, Minerva Associates, 197

(under the control of Central Government), namely, Hindustan Antibiotics Ltd. and Hindustan Organic Chemicals Ltd. and in 14 nationalised banks and port trusts. In the banking sector, 2 Worker Directors are on the Board of Management, one representing officers and the other representing other workers.

This scheme also did not have favourable response due to unsatisfactory industrial relations in public enterprises (one of the criteria for establishing it was that the undertaking selected for it should have had a good record of industrial relations and with a tradition of mutual settlement of disputes), multiplicity and rivalry of trade unions, lack of support from management and the role conflict of the worker (in the day-to-day operations he works under the control of his superior and as a member of Board of Directors he makes decisions which have an influence on his superior's working).

Worker Director

The apex level of participation in an enterprise is at the Board of Directors level. The Board usually plays two kinds of roles, one that of supervising the chief executive and his top management team, who are the full time top management of the enterprise. The other role is that of planning and charting the future of the enterprise. One is linked to the other and the chief executive and his team implement, monitor and report back on the progress they have achieved in terms of the directions received. The chief executive is also in a good position to give suggestions for future directions. Usually the Board, in public companies, has a diverse composition of talented men from a variety of fields and interests. Involving a Worker Director, it was felt, would bring in the worker's perspective, help the worker transmit to his colleagues the larger environment, with its threats and opportunities and thus be an effective two-way communication link.

Some other goals of having a Worker Director are:

1. a feeling of enhanced status for workers and union,
2. an active role for the workers in the formulation of company policies, particularly those areas, where worker interests are involved and thereby minimise unjust treatment of the workers,
3. participation is a more democratic way of doing things—by actually involving the workers in the long-term strategies and decisions, which are decided by the Board. Such a strategy would lead to industrial peace and consequent cooperation and viability of the enterprise.

On the other hand, there are certain apprehensions articulated by both management and union:

1. *Worker Directors cease to be workers*: The proposition of inviting a worker to join the Board is by definition to serve as a communication link. However, once a Board member, there is a feeling of a distance

growing between the enhanced status of a Board member vis-a-vis the others. The Worker Director may also feel the trappings of the new elevation. Many have referred to this phenomenon as 'role conflict'—the difficulty of playing a double role. On the one hand the worker is supposed to continue as a worker and yet at the same time, when he sits on a Board meeting he has to take a broader approach, rather than a segmented one. If he pursues either line of approach he ignores or treads on the other, a very difficult and thin line to tread on, indeed.

2. The second aspect is that it is possible in some cases that the bargaining power of the unions may be reduced as the Worker Director may be able to get some of the worker demands accepted at the Board level.
3. A fear that certain company secrets could be divulged to the union and the members.
4. A fear that the concept of private enterprise would be eroded, if workers, who were a very distinct group, now became a part of the Board, the resultant fear of a potential class conflict.

Coming from a different social stratum coupled with inexperience and unfamiliarity of Top Management processes, the Worker Director is a loner in the Board and therefore tends to take a highly segmented approach, rather than a broader view, which his role as a Board member demands. There is also the related question of acceptance by the others of Worker Director.

A Worker Director may be ill-equipped to understand and deal with the intricacies of Board level matters.

The Indian experience is of recent origin and is more prevalent in public sector organizations.

Workers' Participation in Management Scheme of 1975

On 30th October, 1975 the Government announced a scheme for workers' participation in industry, as part of its 20-point economic programme. This scheme had to be adopted with the initiative of the management. They had to evolve patterns (of workers' participation) suitable to their units. The scheme provided for shop councils at the shop/departmental levels and joint councils at the enterprise level. (Tables 11.1 and 11.2 show the number of undertakings adopting this scheme.) When the revised scheme of workers' participation (1975) was proposed, the existing JMCs were to decide to either opt for and continue with the on-going system or to change over to the new scheme.

The main features of this scheme are: (i) in every enterprise employing 500 or more workmen the enterprise should constitute one or more shop councils for each department, and one joint council for the whole unit; (ii) the shop councils should consist of an equal number of representatives

TABLE 11.1 Showing Implementation of 1975 Voluntary Scheme of Workers' Participation in Management of Mining and Manufacturing Industries*

Industries	Number of undertakings implementing the scheme			
	Central	State	Private sector	Total
Manufacturing	84	66	342	492
Mining	11	—	43	54
Total	95	66	385	546

Source: *Indian Labour Journal*, 22(5), May 1981, p. 680.

*In addition to 546 units adopting this scheme, 463 undertakings are also implementing but their break up, sector-wise/industry-wise, is not reported.

TABLE 11.2 Showing Implementation of 1975 Workers' Participation Scheme (made applicable to Commercial and Service Organizations in the Public Sector in 1977)

State/Central	Number of undertakings
Central Public Sector	15
State Public Sector	10
Total	25

Source: *Indian Labour Journal*, 22(5), May 1981, p. 680.

of employers (nominated by the management) and employees who shall be from among the workers working in the unit/department concerned. The employees, in due consultation with the recognised union, shall decide on the number of shop councils.

Shop Councils

The decisions of the shop council are to be taken on the basis of consensus rather than by voting and decisions that are taken have to be implemented within one month. The tenure of the shop councils is for a period of two years. And it should meet at least once a month. The chairman of the shop council should be a nominee of the management and a vice chairman should be elected from amongst workers. The main functions of the shop councils are to improve production, productivity and efficiency; to study problems of absenteeism, low productivity and recommend measures to reduce them; to look after safety measures and other physical working conditions, welfare and health conditions of the shop/department and to ensure flow of two-way communication between management and workers especially with regard to matters of meeting production targets and matters relating to production figures and schedules.

Joint Councils

The tenure of the joint councils is for two years. The chief executive of the unit will become its chairman. A vice chairman will be nominated by the worker members of the council. The secretary will be appointed by the joint council (JC) who will be responsible for discharging its functions. The JC will meet once in 4 months. The decisions of the JC are also by the process of consensus. And they shall be implemented within one month. The functions of this council are: to fix productivity norms for men and machines for the unit; to resolve matters which are unresolved by the shop councils; to see that the production targets are achieved to make optimum use of raw materials and quality of finished product; and to look after the general health and safety measures of the unit as a whole.

While the introduction of this scheme is left to the management, the Central Government has a role to play in all matters relating to the operation of the scheme (in the case of the public sector units).

This scheme was implemented by the major units of the Central and State governments, and in 1976, Government enlarged the functions of the councils. The councils were to work with the management in eliminating pilferage and institute rewards for doing so. They were to discuss matters which may influence the performance of the enterprise.

Later on, on January 5, 1977 (Table 11.2) the Central Government extended this scheme to other units of service and commercial organizations which employ 100 or more workmen (hospitals, post and telegraph offices, railway stations, road transport, state electricity boards, banks, public distribution houses, educational and research institutes). According to this scheme, instead of shop councils, there will be unit councils at the unit level and JCs at the divisional, regional or zonal levels. The main features of this scheme are similar to that of 1975 except the fact that these councils can be constituted by units employing 100 or more workmen.

Gupta[26] observes that in public enterprises, a good beginning was made in introducing the scheme. Till 1976 this scheme had been implemented in 466 units which were under the control of the Central Government. By 1977–78 this had reached 545 units (Central Government undertakings). Besides, 167 units in the State public sector, 1132 in the private sector and 99 in the cooperative sector have introduced this scheme. An important characteristic of this scheme is that a good deal of flexibility has been permitted in the implementation of the scheme. As a result, different patterns of workers' participation have emerged as far as levels of participation, size of councils, selection of workers' representatives and the duration of the scheme are concerned.

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[26] Gupta, op. cit.

Workers' Participation in Management: West German Experience

In West Germany, there are two types of worker participation programmes, one at the plant level (Fig. 11.2) where workers are elected to works councils and are granted certain rights of participation and another at the enterprise level (Fig. 11.3) where workers in large companies can elect representatives to the supervisory board of the firm. The rights of participation, in Germany, are guaranteed by federal laws.

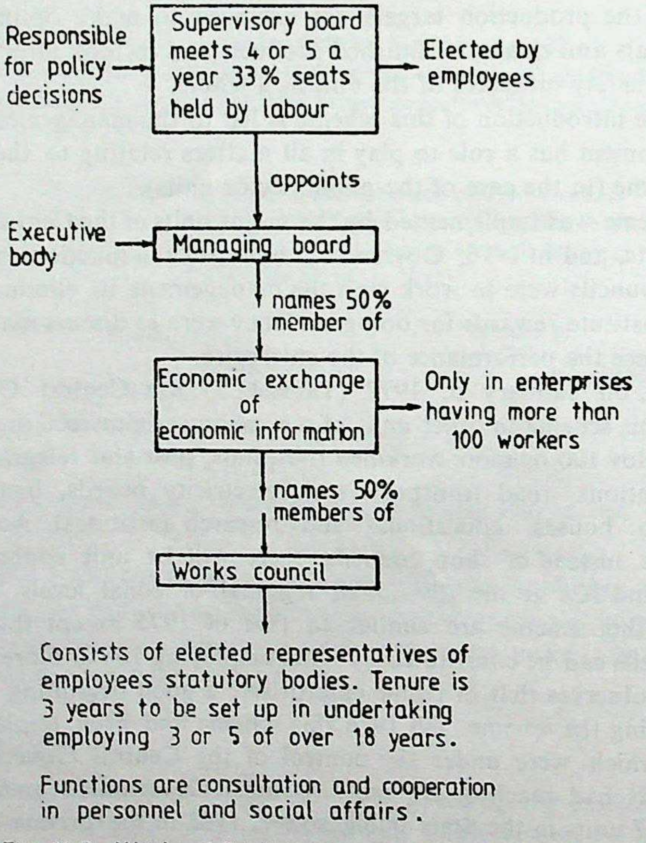
Responsible for policy decisions
Supervisory board meets 4 or 5 a year 33% seats held by labour
Elected by employees
appoints
Executive body
Managing board
names 50% member of
Economic exchange of economic information
Only in enterprises having more than 100 workers
names 50% members of
Works council
Consists of elected representatives of employees statutory bodies. Tenure is 3 years to be set up in undertaking employing 3 or 5 of over 18 years.
Functions are consultation and cooperation in personnel and social affairs.

Fig. 11.2 Workers' Participation in Management under the Works Constitution Act, 1951

1. The German Works Constitution Act, 1952 governs worker participation at the plant level in all undertakings with the exception of state-owned undertakings, and the shipping and air transport industries. It provides for setting up of the Works Council (WC), a representative body of all employees of an organization which employs at least 5 persons of 18 years of age. The representatives of this body are elected once in 3 years by secret ballot. It is an independent unit. "The employers and the WCs work together within the framework of the existing collective agreement and in conjunction with the trade unions and employers' associations. The law

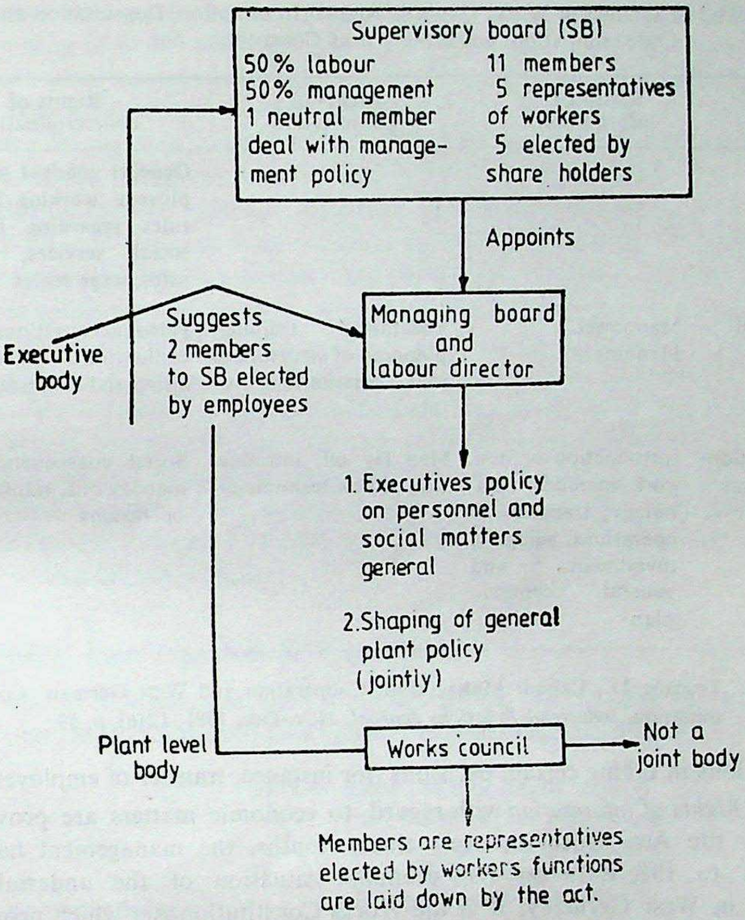
Supervisory board (SB)
50% labour
50% management
1 neutral member
deal with management policy
11 members
5 representatives of workers
5 elected by share holders
Appoints
Executive body
Suggests
2 members to SB elected by employees
Managing board and labour director
1. Executives policy on personnel and social matters general
2. Shaping of general plant policy (jointly)
Plant level body
Works council
Not a joint body
Members are representatives elected by workers functions are laid down by the act.

Fig. 11.3 **Workers' Participation in Management under the Codetermination Act 1951 and 1976 covering Iron and Steel Producing and Mining Industries**

provides that the works councils must refrain from taking any militant measures—thus it has no right to call a strike. The Act empowers the WC's to enjoy rights of participation in management in three areas (Table 11.3 gives some examples of these rights). They are:

(*a*) *Codetermination rights* in respect of the regulations of the work, and of daily working hours and breaks, overtime, the time and place of remuneration, leave, installation of technical devices, safety regulations, welfare services and their administration in a unit, fixing of job and piece rates, laying down principles of remuneration and the introduction of new remuneration methods, issuing guidelines for personnel selection, and vocational training.

(*b*) *Cooperation rights* enable the members of the works councils (WC's) to influence management decisions, for instance, the WCs have a right to appeal to the labour court if the management does not pay heed to its

TABLE 11.3 Examples of Works Councils Rights (Information, Consultation and Codetermination) under the Works Constitution Act.

	Rights of information	Rights of consultation	Rights of codetermination
Social issues			General conduct of Employees working hours, rules regarding safety, social services, piece rates, wage scales
Personal issues	Manpower Planning	Vocational training, planning of structure of jobs, alternations of jobs	Personnel questionnaires, evaluation principles, hiring and dismissals
Production-Economic issues	Introduction of new work methods, technology, transfers to operations, mergers, investments and general economic plan	Man lay off, introduction of new technology	Social consequences of man lay offs, transfers of operations

Source: Toscaro D., Labour Management Cooperation and West German Codetermination, *Industrial Relations Journal*, Nov.-Dec. 1981, **12**(6), p. 59.

objections in taking certain decisions (for instance, transfer of employees).

(*c*) *Rights of information* with regard to economic matters are provided for by the Act. Once, in every three months, the management has to report to the WCs on the economic situation of the undertaking. Thus, in West Germany, it is the Works Constitution Act which provides for institutional means of participation in management. Whereas this Act applies to all Federal industries, the Codetermination Acts apply only to the iron and steel producing and mining industries and other undertakings which employ more than 2,000 employees.

2. The second type of worker participation scheme is provided by the Codetermination Acts at the corporate level, which provide for two structures—*the supervisory board* (SB) and *the managing board* (MB) each having clearcut functions. The SB has three major powers: (i) the right to determine the distribution of dividends to shareholders; (ii) the right to decide on the merits of major corporate plans submitted by the MB; and (iii) the right to elect the MB which is responsible for the continuing operation of the enterprise. The new bill of codetermination of 1976 provides for equal representation of workers and shareholders on the SB of every company with 2,000 or more workers.

The basis for worker participation is due to legal provisions of the Works Constitution Act and the Codetermination Act and not bipartite negotiations.

Studies were conducted to evaluate the scheme of workers' participation in electronics, coal and steel industries. In the electronics industry the functioning of works councils was evaluated. It was found that the works councils were recognised by the management and were functioning well with regard to matters concerning grievance procedures, provisions for granting legal rights to every employee and the improvement of communication structure in the plant. Though the Acts have been a success in introducing modern methods of personnel management, promoting social policy while at the same time maintaining industrial peace, future progress of workers' participation schemes will depend on enabling workers to play a more active role in shaping workplace relations. The most comprehensive studies[27] on codetermination were made by the Federal Government's Commission. Some of the conclusions drawn by the commission reveal that codetermination in coal and steel industries is working well especially with regard to matters like the role of worker representatives in wage policy at the enterprise level, improved system of communication, providing social security to the worker in the wake of the enormous structural changes in the technical and economic sphere that he is facing and finally safeguarding labour mobility.

Workers' Participation in Yugoslavia

In Yugoslavia, where industries are nationalised, the scheme of workers' participation is called auto-management (self-management) (Figs. 11.4 and

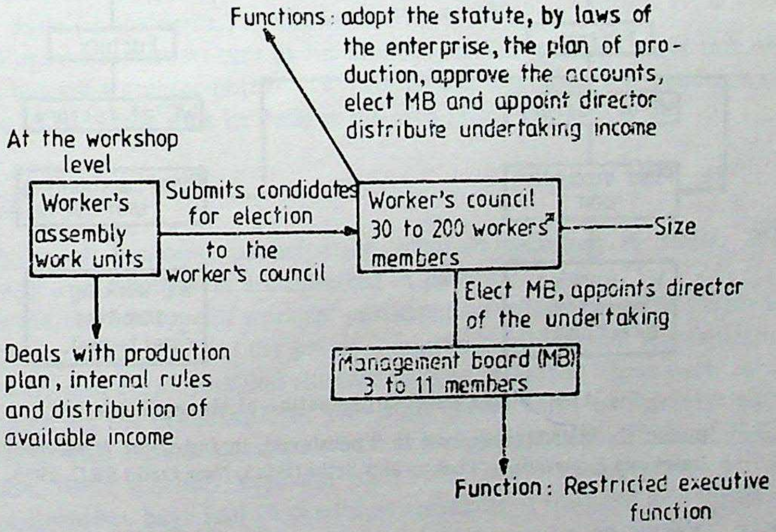
Functions: adopt the statute, by laws of the enterprise, the plan of production, approve the accounts, elect MB and appoint director distribute undertaking income
At the workshop level
Worker's assembly work units
Submits condidates for election to the worker's council
Worker's council 30 to 200 workers* members
Size
Elect MB, appoints director of the undertaking
Deals with production plan, internal rules and distribution of available income
Management board (MB) 3 to 11 members
Function: Restricted executive function

Fig. 11.4 Workers' Participation in Management in Yugoslavia (Self-Management Scheme)

*In Yugoslavia the term worker includes all members of the organization. (Managers and other also)

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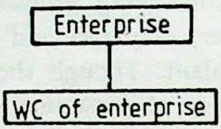
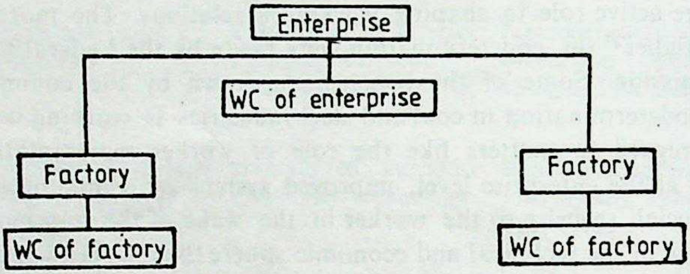
[27] Gupta, op. cit.

11.5). There is no distinction between labour and management. The workers themselves constitute the management. The workers manage the industries through Workers' Councils and Management Boards.


Enterprise
WC of enterprise

Double level of organisation management


Enterprise
WC of enterprise
Factory
WC of factory
Factory
WC of factory

Triple level organisation of management

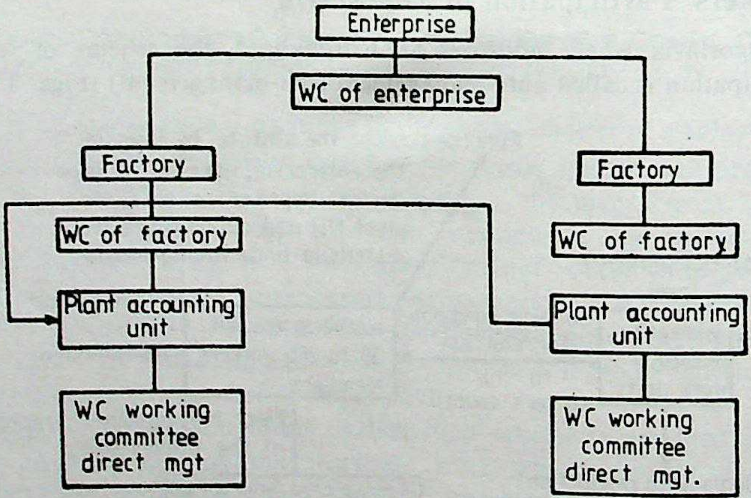

Enterprise
WC of enterprise
Factory
WC of factory
Plant accounting unit
WC working committee direct mgt
Factory
WC of factory
Plant accounting unit
WC working committee direct mgt.

Fig. 11.5 Single Level Organization of Management

Source: Blume, E., 'Self-Management in Yugoslavia', in *Industrial Democracy: Some Issues and Experiences*, Thakur and Sethi (Eds.), New Delhi SRC, 1973, p. 305.

Workers' Councils

Their membership ranges from 30 to 200. Workers' Councils are elected for a period of 2 years by the workers through a secret ballot. Their functions are to approve basic plans and final accounts of the undertakings and to take decisions regarding the investments of the enterprise and meeting of the economic objectives.

Management Board

This consists of 3 to 11 members, headed by a Director who is appointed by the Workers' Councils whose tenure is 4 years. The Workers' Council can elect, recall and change the management board to supervise the working of the management board and finalise the proposals made by the board. The Council also appoints many committees in specialised fields like recruitment, grievances, planning, financial management, etc. Its functions include: to draw up proposals for the Annual Basic Plan; to prepare monthly operative plans, to look after matters related to discipline, wages, promotion of workers, administration of social welfare schemes and day-to-day running of the enterprise in meeting the production targets to an Executive Committee elected by the workers of the unit. The workers' assembly submits candidates for election to the Workers' Council.

Workers' participation in management was first introduced in 1950 and in 1963 the scheme (self-management at work) was included in the country's constitution as a fundamental right/principle.

Thus, in the Yugoslav model of workers' participation the Workers' Council enjoys wide powers in the field of management of the undertaking (see Fig. 11.4). Their system of self-management has undergone many changes over a number of years and in 1974 a "new federal constitution was promulgated which reinforced the autonomy of undertakings at 3 levels (in the case of large enterprises), i.e. at the level of the undertaking as a whole, at the level of its economic units (plants) and at the level of works units (shops/depts.) as shown in Fig. 11.5[28].

In Yugoslavia, the worker in his attempt to self-manage, does not only secure himself a greater portion of profits but becomes the producer and creator in the sense that he decides his own fate.

Conclusion

The types of workers' participation schemes operating in India, West Germany and Yugoslavia are different in nature.

In India, the first type of workers' participation scheme is by the statute i.e. the ID Act, 1947 provided for works committees with equal representation of workers and employers and the second type is JMCs. These were set up voluntarily by the organizations. The most recent form of workers' participation is with a 2-tier structure which is a slightly modified form of JMCs. In India, these schemes have not met with success though some private sector enterprises have had successful experiments of workers' participation.

In India, it has been found that the working results of workers' participation in management is not encouraging in the sense that it has not achieved the objectives of labour-management cooperation. In fact it has created tensions between the parties. Some of the factors responsible for the failure of this scheme have been identified as:

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[28] E. Blume, "Self-management in Yugoslavia", *in*: *Industrial Democracy: Some Issues and Experiences*, Thakur and Sethi (Eds.), New Delhi, SRC, 1973.

1. Lack of follow-up measures on the part of government agency for the implementation of the schemes particularly with reference to the setting up of works committees under the provisions of the ID Act, 1947.[29]

2. The attitudes of the management towards the schemes. They consider these schemes as concessions accorded to workers, rather than as a measure of industrial democracy; for instance, the representative unions are not given recognition as the official spokesman of the workers of the undertakings (BIR Act and the Maharashtra Recognition of Trade Unions and Prevention of Unfair Labour Practices (MRTUPULP) Act provide recognition to unions).

3. Another factor has to do with the attitudes of the trade unions towards the scheme and the lack of understanding on the part of the trade unions. Trade unions are of the opinion that since workers lack higher level of education, political consciousness, social unity, cooperative participation might destroy the unity of labour movement itself. The negative attitudes of the trade unions are expressed in their boycotting of JMC meetings; for example, in HMT and Hindustan Insecticides.[30] The right attitudes both on the part of management as well as trade unions can be fostered by education and training for all levels of managers and workers.

Before introducing these schemes certain conditions/prerequisites have to be met. A good and efficient management, a strong trade union, faith in the usefulness of the scheme, the appropriate social and political environment which has to be participative in nature rather than authoritarian, commitment to the programme for partnership among all levels of workers/employees within the undertaking, and a clear definition of functions of WPM schemes are some of the prerequisites for their successful implementation.

The West German scheme of workers' participation is called codetermination. This is governed by two Acts. The Works Constitution Act, 1951 (later replaced by the Act of 1972) provides for setting up of the Works Council, a representative body of workers, at the plant level, in establishments belonging to iron, steel and coal industries employing 5 or more workmen. At the managerial level, the 1951 Act makes provision for the setting up of two boards i.e. the Supervisory Board and the Mnagement Board. The second Act, namely, the Codetermination Act, on the other hand, applies to iron, steel and coal industries employing more than 1000 workers. The Codetermination Act of 1976 provides for workers' participation bodies in companies employing 2,000 or more employees. It has been found that the German system has a favourable influence on industrial relations.[31]

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[29] Government of India, *Report of the National Commission on Labour*, New Delhi, Ministry of Labour and Employment, 1965; Gupta, op. cit., V. G. Mhetras, *Labour Participation in Management*, Bombay, Manaktalas, 1966; Thakur and Sethi, op. cit.

[30] Tanic, op. cit.

[31] K. F. Walker, Workers' participation in management in practice: *An international perspective in Industrial Democracy*, Thakur and Sethi (Eds), New Delhi, SRC, 1973.

The form of workers' participation adopted by Yugoslavia is different from others in the sense that workers are directly involved in managing an enterprise. This type of workers' participation in management is called self-management and a right in the constitution. Several research studies indicate that this type of participation does not appear to have reduced industrial conflict in Yugoslavia.[32]

Walker in his comparative project on the review of experience of various forms of workers' participation in management concludes that it is difficult to assess how workers' participation schemes work in general but he stresses the importance of identifying conditions under which a scheme of workers' participation becomes just a structural arrangement or a 'living reality'. Workers' participation in management schemes would be successful when there is a transition from structural (that which is prescribed by law) participation to living participation (active participation by the parties and interaction between workers' representatives and managers).[33]

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[32] J. Zupanov, "Two patterns of conflict management in industries", *Industrial Relations*, 12(2), 1973, pp. 213-223.

[33] Walker, op. cit.

Appendix 11A

Draft Model Agreement Regarding Establishment of Councils of Management*

AGREEMENT between.......................................(Name of employer)
and...(Name/Names of Trade Union/Unions).

1. The Company and the Union appreciate that an increasing measure of association of employees with the management of the works would be desirable and would help (a) in promoting increased productivity for the general benefit of the enterprise, the employees and the country, (b) in giving employees a better understanding of their role and importance in the working of the industry and in the process of production, and (c) in satisfying the urge for self-expression.

2. It is, therefore, agreed that a Council/Councils of Management consisting of representatives of the management and of the employees be set up.

3. The constitution of this Council/these Councils and the procedure to be followed by it/them would be as set out in the Annexure.

4. It would be the endeavour of the Council/Councils: (i) to improve the working and living conditions of the employees; (ii) to improve productivity; (iii) to encourage suggestions from the employees; (iv) to assist in the administration of laws and agreements; (v) to serve generally as an authentic channel of communication between the management and the employees, and; (vi) to create in the employees a live sense of participation.

5. The Council/Councils would be consulted by the management on matters like: (i) general administration of Standing Orders and their amendment, when needed; (ii) introduction of new methods of production and

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* *Source:* Tanic, Z., *Workers' Participation in Management, Ideal and Reality in India*, New Delhi, SRC, 1969, pp. 121–122.

manufacture involving re-deployment of men and machinery; and (iii) closure, reduction in or cessation of operations.

6. The Council/Councils would also have the right to receive information, discuss and give suggestions on: (i) general economic situation of the concern; (ii) the state of the market, production and sales programmes; (iii) organization and general running of the undertaking; (iv) circumstances affecting the economic position of the undertaking; (v) methods of manufacture and work; (vi) the annual balance sheet and profit and loss statement and connected documents and explanation; (vii) long-term plans for expansion, re-deployment; etc.; and (viii) such other matters as may be agreed to.

7. The Council/Councils would be entrusted with responsibility in respect of: (i) administration of welfare measures; (ii) supervision of safety measures; (iii) operation of vocational training and apprenticeship schemes; (iv) preparation of schedules of working hours and breaks and of holidays; (v) payment of rewards for valuable suggestions received from the employees; and (vi) any other matter as may be agreed to by the Joint Council.

8. All matters, e.g. wages, bonus, etc., which are subjects for collective bargaining are excluded from the scope of the Council/Councils. Individual grievances are also excluded from its/their scope. In short, creation of new rights as between employers and workers should be outside the jurisdiction of the Joint Council.

Appendix 11B

Joint Consultation in Tisco*

Historical Background

With a view to achieving better industrial relations, the Tata Iron and Steel Co. Ltd, at Jamshedpur constituted a joint works committee as early as in 1919, the first one of its kind in India. These committees were reconstituted in 1948 under the provisions of the Industrial Disputes Act and in 1957 the two committees in the Works were decentralised into five zonal committees, each covering departments with similar operation and production problems. A formal grievance procedure was also introduced in the organization whereby reference to the respective zonal committees was included as the third step in the procedure.

During the decade 1946 to 1956, altogether 24 joint committees were formed to discuss matters such as grievances, rates, minimum qualifications and employee services. This period also witnessed the formation of Advisory Development and Production Committees in six of the major departments having equal representation from both management and the union with the objective of improving productivity. These committees discussed problems affecting production and recommended corrective measures. The number of JDCs has now increased to 41.

Union-Management Relationship

In the principal agreement, signed between TISCO and the Tata Workers' Union in January 1956, it is laid down, in Clause 15, that the Company appreciates the view that on increasing measure of association of Works employees with management in the working of the industry is desirable and would help:

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*Source: The Tata Iron and Steel Company, Jamshedpur, document on *Joint Consultation in Tata Steel*, 1970.

1. in promoting increased productivity for the general benefit of the enterprise, the employees and the country,
2. in giving employees a better understanding of their role and importance in the working of the industry and in the process of production, and
3. in satisfying the urge for self-expression.

The Supplemental Agreement of 4th August, 1956 lays down a detailed scheme for the promotion of closer association of employees with management through a three-tier system of joint councils. In place of the advisory development and production committees, at the lowest level of the three-tier organization, are the joint departmental councils numbering 38. Above them is the Joint Works Council for the entire Works. At the apex is the Joint Consultative Council of Management.

Classification of Committees and Councils

As a safeguard against overlapping of functions amongst the various committees on the one hand and the joint councils on the other, the agreement further envisaged a division of joint consultative machinery into two groups, namely:

1. one consisting of those committees which are concerned with collective bargaining or are falling within the sphere of union relations,
2. the councils set up under the scheme of closer association of employees with management as embodied in the Supplemental Agreement.

Functions of the Joint Councils

Under the scheme of employee association with management the functions of joint councils at the lowest level are:

1. to study operational results and current and long-term departmental production problems,
2. to advise on steps necessary at the departmental level to promote and rationalise production; improve methods, layouts and processes; improve productivity and discipline; eliminate waste; effect economies with a view to lowering costs; eliminate defective work and improve the quality of products; improve the upkeep and care of machinery, tools and instruments; promote efficient use of safety precautions and devices; promote employees' welfare and activities like sports and picnics; encourage suggestions; and improve working conditions and better functioning of the department,
3. to implement the recommendations or decisions of the Joint Consultative Council of Management or the Joint Works Council approved by management, and
4. to refer any matters to the Joint Works Council for their consideration or advice.

In order to give some financial powers, the JDCs have been authorised to draw Rs. 5000 from the Accounts Division during each financial year to be spent at their discretion on the purchase of small capital items or on those benefitting a large number of their departmental employees. Similarly a sum of Rs. 10,000 during each financial year has been earmarked to each JDC for being spent on the safety promotional activities undertaken by the JDCs in consultation with the Safety Department.

During each financial year, the JDC's, adjudged as first, second and third in overall functioning in that year by a joint sub-committee of JWC, are given a shield and an amount equivalent to Rs. 12, Rs. 7.50 and Rs. 6.00 per employee respectively as picnic grant. Besides, the JDC which donates the highest per capita blood donation is given a shield, and the employee who donates blood maximum number of times during that year after excluding those rewarded during previous years is given a gold plated medal worth Rs. 500.

The JWC performs, more or less, the same functions, at the plant level. The Joint Consultative Council of Management at the apex, in addition, advises the management with regard to economic and financial matters placed by management before the Council, provided that the Council confines itself to the discussion of only those questions which deal with general economic and financial matters concerning the Company and do not deal with matters affecting the relations of the Company with its share-holders or managerial staff or concerning taxes or other matters of a confidential nature.

Procedure

The joint departmental councils at the lowest level are not concerned with problems of planning, works development, and management of the plant in the wider sense. They do not discuss matters falling within the sphere of union relations or collective bargaining, such as wages, allowances, bonuses, hours of work, retirement benefits and the like. The recommendations of the Council are not necessarily binding upon the management. Depending on the size of the department, the Council consists of two to ten representatives of management and an equal number of representatives of employees which includes a fair representation of employees within the sphere of the Supervisors' and Technicians' Unit of the Tata Workers' Union. The Agreement also provides for the gradual introduction of the principle of election by secret ballot for the purpose of selecting employee representatives. The term of office of the members is two years and a member nominated to fill a casual vacancy remains in office for the unexpired term of his predecessor.

Each council has a chairman nominated by the management and a vice-chairman nominated by the Union. The Council elects its own secretary who must be an employee working in or attached to the department concerned. The quorum fixed for the meeting is 50% attendance from each side. Every council has an Agenda Sub-Committee and many councils have, in addition, constituted a Welfare Sub-Committee.

The council meetings are now held twice a month—once for discussing matters pertaining to production, productivity, reduction in cost, and improvement in methods, etc. and the second time for discussion of items pertaining to safety, welfare, discipline and absenteeism, etc.—excepting the Joint Consultative Council of Management which meets every quarter of the year. Members of the council are allowed certain facilities and are paid full wages inclusive of allowances and bonus for the time they spend in attending meetings of the Council. Members receive notice of the meeting, along with the agenda finalised by the Agenda Sub-Committee, at least seven days before the date of the meeting. From time to time the JDC members undergo special training at the Management Development Centre to improve their spells as JDC members.

The secretary prepares the minutes of the meeting and circulates them amongst the members within 10 days from the date of the meeting. Copies of the minutes are also sent to sectional heads concerned with a request that the contents of the minutes should be verbally communicated to the employees concerned by the respective shift in-charge. Summaries of the minutes in Hindi are displayed on sectional notice boards for the information of employees. A consolidated summary of the minutes of all joint departmental councils is prepared, both in English and Hindi, and circulated amongst the members of the council besides displaying it on the departmental notice board. After discussions, the JDC's finalise their departmental yearly production-cum-efficiency targets. The JDC's also discuss their respective departmental capital and revenue budgets before their final submission to management.

For speedy disposal of recommendations, the chairman, in his capacity as the head of the department, takes action on those recommendations as fall within his purview and refers other items to appropriate authorities with his recommendations. While making references to such authority, all relevant facts are set forth to give a complete picture of the issues involved. If a recommendation of the council is not accepted by the management, detailed reasons for its non-acceptance are conveyed to the council concerned. In order to further expedite the implementation of JDC's recommendations two high level joint cells function—one for works departments and the other for non-works departments.

Annual Meetings

The Joint Departmental Councils are encouraged to hold annual meetings, a scheme which was initiated in 1960. This meeting is attended by all the employees belonging to the department or departments covered by the council. Now, each alternate year the Vice-Chairman (Union representative) presides over the JDC meetings and the Chairman (Management representative) functions as Vice-Chairman and thus gives an opportunity to the union representative to become conversant with the responsibilities associated with the running of the meetings of this council. The top executives of the union are invited to these meetings as are the senior executives of the company. They are requested to address the employees. Half-yearly JDC meetings are held where questions mostly relating to technical nature are raised resulting in their open and high level discussion.

Co-Operation

In order to coordinate and bring about uniformity in the activities of the 38 joint departmental councils, an annual meeting of the chairman, vice-chairmen and secretaries of all joint departmental councils is convened under the chairmanship of the General Manager, who is also the chairman of the Joint Works Council. All procedural issues are discussed and finalised at these meetings. Standard forms for recording minutes, preparation and circulation of agenda and minutes, mailing list of the minutes, replacement of members, nomination of representatives of certain maintenance departments and progress of implementation of the recommendations of joint councils, are some of the items on which decisions have been taken at such co-ordination meetings.

Achievements of the Joint Departmental Councils

An analysis of the progress of implementation of recommendations of joint departmental councils shows that from their inception till 1st July, 1974, the 38 joint departmental councils put together had discussed 16,069 suggestions of which 11,343 (70.59%) had been implemented, 138 (0.86%) suggestions were pending consideration at the departmental level and 303 (1.89%) recommendations had been referred to higher levels for consideration. The number of suggestions that were either dropped or turned down figured at 4,285 (26.66%). A subjectwise classification of the suggestions reveals that during the period under reference out of the total of 16,069 suggestions, those relating to different aspects of productivity such as economy, elimination of waste and reduction of cost, elimination of defective work and improvement of quality, improvement of methods, layout, processes and procedures, upkeep and care of machinery, tools and instruments and improvement of working conditions, numbered 7,803 (48.55%). Of the remaining suggestions, 2,711 (16.88%) referred to safety, 2,462 (15.32%) to welfare, 146 (0.91%) to discipline and the balance of 2,947 (18.34%) suggestions related to miscellaneous subjects.

Evaluation of Performance

A critical study of the working of joint departmental councils made in 1962 revealed some interesting features.

Attendance

The average attendance at the meetings of these councils was 78%, most of the absentees staying away because of necessity.

Chairmanship

The quality of chairmanship determines to a very large extent the effectiveness of each council. In the past this ranged from good to poor with a cluster around the average. However, with the 'Running Meeting' training given to all the chairmen, vice-chairmen and secretaries, the position improved considerably.

Agenda Sub-committee

Another organizational device which was created for the efficient functioning of these councils is the Agenda Sub-Committee. These sub-committees consisting of two to four members from each side, with the secretary of the council as the convener, were meant to serve as liaison groups between the council and the men on the shop-floor and were entrusted with the responsibility of drawing up the agenda for each meeting in the light of ideas and suggestions obtained from employees of the department through personal contact. These committees, in general, have been working satisfactorily.

Safety Sub-Committees

Excepting the Joint Departmental Council for General Offices composed mainly of office staff, the remaining 37 councils have formed safety sub-committees to review the accident trends in the department and analyse them and to submit recommendations for promoting safety. In a majority of councils, these committees have been functioning with a high degree of success.

Some Problem Areas

1. *Language*: In many cases the use of English has proved a barrier to full participation by members in the meetings. The use of Hindi has invariably resulted in greater participation and understanding. Within the last few years, much improvement has resulted in this respect as supervisors and officers have taken keenly to the learning of Hindi. In fact, a majority of councils now conduct their deliberations in Hindi.

2. *Reflection of shop-floor relations*: In rare cases, where the industrial relations on the shop-floor are not satisfactory, they got reflected in the council meetings.

3. *Multi-departmental councils*: In councils covering more than one

department, there was a lack of interest amongst members when affairs pertaining to another department were being discussed. Therefore, it has been considered wise to split up these councils as far as practicable to make them more effective. A few councils have been split up and reorganized.

4. *Secretaryship*: Another factor which affected the functioning of these councils was the service rendered by their secretaries. Where the secretary was efficient and energetic, the follow-up was prompt, the members were kept informed of the development, more suggestions from employees came up for inclusion in the agenda and the council, on the whole, worked effectively. The absence of a good secretary, on the other hand, reduced the effectiveness of such councils, there being no proper agenda or background material, no timely preparation or circulation of minutes and no proper follow-up. To overcome this shortcoming the secretaries were given a special course on Joint Consultation.

5. *Subjects discussed*: Among the subjects discussed at the earlier meetings there was a preponderance of matters relating to general welfare, employee amenities, etc. while those relating to production and allied problems received relatively less attention. This was also the experience of many similar councils in Europe in their early stages. The present trend shows that 'productivity' has been given due importance. About 49% of the suggestions received and discussed by the council relate to production and productivity.

12

Central Board of Workers' Education Scheme

Rationale Behind Workers' Education Scheme

One of the important factors which led to the introduction of a workers' education scheme in India was the alarming rate of illiteracy among the masses. According to the 1971 census, 71% of the total population is illiterate. As far back as 1930 the Royal Commission on Labour remarked, in its report, that the illiteracy rate of Indian industrial labour is unduly high, and that with the introduction of technologically advanced products in industries, it is perilous to have illiterate workers handling the new machines.[1]

After India gained independence, it took up the task of rebuilding its economy. It was considered necessary, at this stage, for educating the workers, and the Constitution of India laid emphasis on the need for an effective programme of education for all individuals, especially for a large percentage of the labour force, which is drawn from the rural areas and is mostly illiterate.[2]

For the success of industrialisation, which gained importance after Independence, a workers' education scheme was taken up and a semi-autonomous body known as the Central Board for Workers' Education (CBWE) was constituted by the Government of India to administer it.

The term "workers' education" is interpreted variously in different countries due to historical reasons. In the USA it means training in trade union leadership. In the UK it covers trade unionism, general adult-education and vocational education. In developing countries like India, the term workers' education is used in a wider connotation and aims at making the worker a better operator, a better union member and a better citizen.

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[1] *Report of the Royal Commission on Labour*, London, Her Majesty's Stationery Office, 1930.

[2] N. K. Kakkar, *Workers' Education in India*, New Delhi, Sterling, 1973.

A few factors which led to the formulation of the workers' education programme in India was the rapid rate of industrialisation and urbanisation and the increasing rate of economic development, which placed heavy demands on the workers' capabilities to meet these challenges.

Workers' Education Scheme in India

One of the important objectives of workers' education in most developing countries is the development of human resources.

The workers' education programme is of recent origin. The Government of India, in cooperation with the Ford Foundation, appointed an international committee of experts for advice on the scheme. The committee submitted its report in March 1957. On the basis of the committee's recommendations a semi-autonomous agency, the Central Board of Workers' Education (CBWE) was set up in 1958 to administer and implement the scheme. The CBWE was constituted by having representatives from the central organizations of both workers and employers, Central and State governments and educational institutions. The functions of the Central Board Office are administrative, training and induction of new officers, and the preparation of literature etc. to be used to educate workers. Regional and sub-regional centres were opened to conduct educational activities in important industrial centres. Thus the function of educational activity was decentralised.

The Scheme

The programme of workers' education consists of three stages. In the first stage the education officers in the service of the Central Board of Workers' Education are trained and later posted to regional centres. At the second stage, workers (selected numbers) are trained at the regional and sub-regional centres by the education officers as worker teachers. The third stage starts when the worker teachers complete their training and go back to their factories or places of work to train the rank and file of workers.

The CBWE has its own institute at Bombay. In addition to this, the CBWE also conducts short-term training programmes, correspondence courses, seminars, and provides financial assistance in the form of grants-in-aid to encourage trade union organizations to undertake workers' education programmes themselves. Some central trade union organizations have set up such agencies. For instance, in 1972 INTUC set up a Central Institute of Workers' Education to promote educational activities for the workers and for trade union leaders. The AITUC also plans to set up an institute of this kind.

Composition of CBWE

Workers' education programmes are sponsored by the Government and are administered through the CBWE. The CBWE has its own training institute at Bombay. This semi-autonomous body is entrusted with the task of framing its policies, allocating funds, and overseeing the effective execution of its policies. The board has been registered under the Societies Registration Act XXI of 1860. Constitutionally, the maximum number of members is 20. They are: (i) a Chairman nominated by the Government of India; (ii) representatives of the Central and State Governments; (iii) representatives of the trade unions, employers' organizations and educational institutions nominated by the Government of India; (iv) one trade unionist nominated by the Ministry of Labour and Employment; and (v) one representative of the universities nominated by the chairman of the UGC.

Apart from the chairman there is a director appointed by the Government of India whose duties are to plan and implement the policies of the Central Board.

The Board of Governors manages and controls the affairs of the CBWE and is also responsible for the managerial and administrative activities of the board. This body is headed by a president and is composed of two vice-presidents and a secretary and other members representing the government, employers and labour totalling not more than ten.

Objectives of the Scheme

The Workers' Education Scheme aims at achieving the following four objectives:

1. to develop stronger and more effective trade unions through better trained officials and more enlightened members, for the strengthening of bonds of loyalty to the unions,
2. to develop leadership from the rank and file and to promote the growth of democratic process and trade union organization and administration,
3. to equip organized labour to take its place in democratic society and to fulfil its social and economic responsibilities, and
4. to promote among workers a greater understanding of the problems of their economic environment and their privileges and obligations as union members and officials and citizens.[3]

Functions of CBWE

Set up to educate workers in this country the CBWE's varied functions are: (i) administration of the workers' education scheme at all levels; (ii) establishment of regional centres in places of industrial importance on the pattern of the central board; (iii) training of education officers and worker teachers; (iv) preparation of study material in the form of pamphlets, books, charts, etc.; (v) arranging programmes for instruction on trade union consciousness; (vi) encouraging employers' and workers' organizations to promote their own workers' education schemes; (vii) evaluating the progress of the schemes and taking measures to correct deficiencies if any; and (viii) providing instruction to all industrial workers.[4]

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[3] Kakkar, op. cit.

Regional Centres

The central board sets up regional centres and the local committees to look after the work of these centres. The regional centres are headed by regional directors. The local committees consist of representatives of government, trade unions, employers' organizations and educational institutions. These local committees, in turn, appoint sub-committees and certain functions are delegated to these sub-committees. At all the centres there are two types of sub-committees, namely, selection sub-committees and syllabus sub-committees. The selection sub-committee helps to select candidates for the worker teacher training course. The syllabus sub-committee reviews the syllabi at the unit level and suggests changes periodically.

Finances of CBWE

The Central Board finances its worker education programmes mainly through grants received from the Ministry of Labour and Employment. There are a few other sources of revenue which, however, only add up to 1% of the total income of the Board.

The Board's expenditure is at three levels—the head office, the regional office and at unit levels. Besides the expenses incurred in the administration of the scheme and the stipends given to the trainees who attend the education officer's training courses, the head office spends its money on establishment, salaries, honorarium and allowances, etc.

At the regional level the expenditure is categorised into 2 types—one relating to administration and the other relating to the implementation of the scheme. At the unit level the expenditure includes fees paid to worker-teachers, amount spent on local excursions and costs paid as incentive awards.

Five-Year Plans and Workers' Education

Although India adopted the policy of economic planning in 1947, after Independence, it was only in the Second Five-year Plan (1956–1961) that Workers' Education made a beginning. During this period the government felt that for the successful implementation of the plans, harmonious relations between labour and management were necessary. This would become possible by educating the labour so that opinions could be expressed in an atmosphere of mutual trust and confidence which would ultimately lead to industrial peace. A sum of Rs. 50 lakhs was allotted for the workers' education scheme in this plan. In the Third Plan a provision was made for a large-scale expansion of the workers' education scheme which the CBWE was administering with the intention of diversifying the programme. The amount allotted to this scheme in the Third Plan was Rs. 2 crores. The Fourth Plan recommended the expansion of the scheme to cover more workers including those in smaller undertakings and Rs. 4.6 crores was set aside for the scheme. The plan emphasised the need for improving the quality of training and involving trade unions on a large scale. The Fifth Plan recommended that 20,000 worker teachers and 10 lakh workers be trained under the workers' education programme by activating existing regional centres and opening new ones where necessary.

At the time, committees like the Social Education Committee (1964), a panel on Literacy Among Industrial Workers (1964), and the Committee on Labour Welfare of the Government of India (1969) recommended that the Central Board of Workers' Education be given the additional responsibility of eradicating illiteracy among the illiterate industrial workers, by taking up an adult education programme. The National Commission on Labour (1969), on the other hand, suggested that this literacy work should be undertaken by the government.

In 1959–60, an ILO expert visited India to study the working of the workers' education scheme of the CBWE and made a few recommendations to the Government of India. These related to the improvement of methods and techniques of instruction, production of audiovisual aids, and the need to give a high priority for preparing booklets in regional languages. Some of the salient recommendations relate to:

1. Shifting of the Central Board office to Bombay since Bombay in the expert's opinion provided better avenues for the progress of the scheme.
2. A person who is familiar with various aspects of industrial relations or an experienced trade unionist to be included in the teaching staff of each centre.
3. An important recommendation related to the use of one or two workers' education centres as models for experimentation and for demonstrating teaching methods so that the audio-visual aids prepared by the board could be experimented with before being used.
4. Holding of classes, particularly at the unit level, in a peaceful atmosphere.
5. Providing adequate library facilities at the regional centres. It was also recommended that an increasing proportion of the scheme's revenue should be used for the trade unions' educational programmes.

In addition to these suggestions, the ILO submitted a report to the Government of India in 1960. One of the suggestions was regarding the training of worker teachers who proved to be a weak link between the education officers and the worker trainees. In order to improve this situation, it was recommended that the duration of the worker teacher training programme should be lengthened from 3 to 6 months. Secondly, it was suggested that the facility of 'time off' per worker trainee be given at the unit level classes.

Improvements were also suggested in the courses offered to the worker teachers and worker trainees. The syllabi, it was felt, should have provision for teaching the importance of character traits and that more audio-visual aids should be used as a medium of instruction.

The CBWE set up a Review Committee in 1964 which recommended making the scheme a mass movement involving trade unions, universities, State governments as well as a periodic assessment of the Workers' Education Scheme.

Though there is room for improvement of the CBWE, its achievements should not be overlooked. It had set up 40 regional centres by the year ending 1978 (Table 12.1). It had trained 456 education officers, 46,487 worker-teachers at the regional levels and 33.55 lakhs workers at the unit level. The workers trained (33.55 lakhs) form 15.64% of the total working population (214.53 lakhs)[4].

TABLE 12.1 Training Programmes Conducted by CBWE up to 1977–78

Year	Regional centres	Education officers trained	Worker-teachers trained	Workers trained ('000)
Second Plan	12	100	1070	90
Third Plan	18	217	6390	312
Annual Plan (1966–69)	1	59	9055	534
Fourth Plan (1979–74)	6	36	14856	1181
Fifth Plan (1974–78)	4	44	15176	1316
	40	456	46487	3355

Source: Government of India, *Pocket Book of Labour Statistics*, Labour Bureau, Ministry of Labour, Chandigarh, 1979, pp. 84–87.

An important objective of the scheme was to inculcate a sense of trade union consciousness among workers. Another objective was to develop a cadre of inside leaders and do away with outside leaders. In order to achieve this objective trade union involvement in the running of the scheme was sought to be enhanced. However, the CBWE scheme does not seem to have made much headway in achieving this objective. Some studies have revealed that the pattern of trade unionism has not changed much even after the introduction of the scheme in matters like trade union expenditure, persistence of outside leadership, etc.[5] As far as the total trade union expenditure is concerned only 3% is spent for educating its members, a large percentage being spent on salaries, establishment and legal expenses. It is a fact, however, that only trade union members are selected for the CBWE training scheme, whereas its constitution lays down that the scheme is meant for all industrial workers.[6]

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[4] Government of India, *Monthly Abstract of Statistics*, 32(5), New Delhi, Ministry of Planning, 1979.

[5] [illegible], op. cit.

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Government of India, *Report of the Committee on Workers' Education*, New Delhi, 1968.

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[6] Kakkar, op. cit.

13

Technology and Industrial Relations

Introduction

The interrelationship between technology, technological change and industrial relations has time and again been the focus of attention of various groups in society. Those concerned with India's development plans and strategies are concerned with the type of technology to import, given the balance that needs to be maintained between generation of employment and sophisticated technology. Anyone who is interested in industrial relations is therefore concerned with the effects of technology on labour management issues such as manpower, job security, redundancy training, etc. The unions and management have their respective points of view, with the government stepping in to resolve issues and give directions for the future, keeping in mind the national interest and objectives.

Technology is an aid to improving the economic and social life of people, yet at the same time it can be used in a manner which is sometimes detrimental to this objective. This issue has been the centre of a debate which we shall examine in the course of this chapter.

Concept of Technological Change

Technology is an instrument of development. It is a vehicle of change. Technological changes affect various aspects of economic and social life either directly or indirectly, immediately or in the final analysis.[1] The

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[1] C. P. Thakur and G. S. Aurora, *Technological Change and Industry*, New Delhi, Sri Ram Centre for Industrial Relations, 1971.

Indian economy operates on various levels of technology simultaneously, jet planes and bullock carts being at two ends of the spectrum. Industrial production goes on with hand tools, machines, rationalised plants and automated and electronic devices[2].

Technological change is a change in the tools which are utilised for the production process. This, however, is oversimplification, for technological change involves more factors than mere "changes in machinery". Haber, Ferman and Hudson[3] have identified certain changes which affect jobs and influence skills in the American industrial system which can be called technological changes. They are: (i) scientific management or time and motion studies; (ii) changes in the location of plants; (iii) shifts in product demand; (iv) changes in machinery; and (v) automation.

Rationalisation and automation which are different forms of technological change have been systematically introduced in the Indian industrial system in the sixties.

Rationalisation implies a basic change in the structure and control of industrial activities. In its application it brings together the advantages of planned production, pooling of research, scientific and technical know-how, centralised regulation of finances, modernisation of productive processes and sales and optimum use of manpower[4]. Thus, rationalisation does not refer to any one process. Its techniques can be applied to not only materials and methods but also to men in the production process. The Advisory Committee on the Management of ILO defines it as any reform tending to replace habitual antiquated practices by means of methods used by systematic reasoning.

Automation is another form of technological change, though often, it is used synonymously with technological change. Some say it is the highest form of mechanisation. In automation, technology itself controls the operations. At its lowest level, mechanisation involves hand work, where man starts the operation and the machines respond. At the highest level of mechanisation, i.e. automation, the machine provides data from its own operations and feeds it back to its own controls which govern the production process. In other words they are self-regulating.

Implementation of Rationalisation and Automation in India

The need for introducing these processes in the Indian industry was felt in the fifties. The American model of affluence attracted the attention of other nations—not only is the productivity of the American worker high, he also earns more. For instance, one hour of labour costs Rs. 35.33, Rs. 22.34 and

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[2] Government of India, *Report of the National Commission on Labour*, Ministry of Labour, Employment and Rehabilitation, 1969.

[3] W. Haber, L. A. Ferman and J. R. Hudson, *The Impact of Technological Change: The American Experience*, Michigan, Upjohn Institute for Employment Research, 1963.

[4] Government of India, *Report of NCL*, op. cit.

Rs. 1.78 in North America, the EEC countries and India respectively[5].

In this situation, the need for higher productivity was felt acutely, so that the standards of living of workers could be raised. After the Second World War obsolete machinery was used in many industries without adequate replacements or repairs. The working of modern mills and factories in other European and Asian countries and the subsequent benefits showed the Indian industrialists the importance of advanced technology and prompted them to modernise their machinery. The need for rationalisation in India was also felt in order to increase productive efficiency in a highly competitive world market and to step up exports, particularly, in the cotton and jute textile industries. Another factor responsible for the introduction of the rationalisation process was the presence of a vast surplus in labour in a number of industries, particularly the coal industry, which was greatly enlarged during the war to ensure additional production. After the War the employers could not retrench their labour force. These factors collectively led to the introduction of rationalisation.

When the rationalisation process was introduced there was opposition on the part of the workers because of the fear of retrenchment. The Labour Ministry and the Planning Commission worked out certain safeguards for workers in the form of fixing work loads, stopping fresh recruitment, offering of gratuity for voluntary retirements, sharing of gains (of rationalisation) through higher wages, etc. The workers, however, complained that the employers in implementing the scheme did not strictly adhere to these safeguards.

In the Second Five-Year Plan, the approach to rationalisation was clarified. It was to be attempted only when it did not lead to unemployment. If it was introduced, it was to be in consultation with workers and was to be effected only after improving working conditions and guaranteeing a share of the gains to the workers.[6] The issue of rationalisation was discussed at the tripartite conferences, and the 'Model Agreement' to regulate rationalisation was adopted at the 15th session of the Indian Labour Conference in 1957.

Progress of Rationalisation and Automation in India

The NCL has reviewed the progress of rationalisation in three industries, namely, cotton-textiles, jute and coal, because together they account for a large proportion of labour employed in organized manufacturing activities. Each industry had its problems and adjustments but all had a common feature in that the pace of rationalisation was well regulated to minimise the adverse effects on labour.

In the cotton textile industry, rationalisation was first introduced in 1928 in the Samson Group of Mills at Bombay. Though it was a unilateral action, their workers accepted it. In Ahmedabad an agreement embodying certain safeguards was arrived at between the employers and the employees' representatives. Rationalisation measures were introduced in the form of efficiency measures. The textile workers, however, complained of additional strain and an inadequate increase in earnings.

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[5] International Labour Organization, *Yearbook of Labour*, Geneva, 1977.

[6] Government of India, 1956.

In the beginning, though rationalisation on an agreed basis made progress in several units the progress in the industry as a whole was slow due to paucity of resources. However, in recent years, there has been a shift in the attitudes of managements and unions towards it, thus forming a basis for raising productivity.

In the jute industry the scheme of rationalisation was introduced after the Second World War, because of international competition. However, progress has been slow in spite of rationalisation and is causing concern from the point of view of foreign exchange earnings. Another factor which led to it in this industry was due to India's dependence on a foreign country for raw materials in the early years of independence.

In the coal industry though rationalisation was introduced in the larger mines, old methods are still in use in the small mines. With the formation of the National Coal Development Corporation, sophisticated mechanisation is being gradually introduced.

Though the mechanics of the process of rationalisation were not entirely satisfactory either from the employers' or the unions' point of view they have now accepted and agreed to live with it.

Automation came to be introduced in Indian industry as a part of the process of modernisation in industry: "Though automation in new process industries and in manufacturing industries did not arouse much opposition, the introduction of computers, particularly for office work, evoked serious misgivings among the employees."[7] One such striking case which attracted considerable attention was the decision of the Life Insurance Corporation (LIC) in 1963 to introduce a computer.

The central trade union organization opposed it on the ground that it would result in loss of employment and that it would be costly. The employers supported it because it would lead to accelerated industrialisation, increased productivity and raised standards of living for people. This situation led to tripartite discussions in 1966 and 1967 in the 24th and 26th sessions of the Indian Labour Conference. No conclusion could be reached and the issue of automation of clerical work evoked sharp controversies. Opposition to the introduction of computers continued. The Government of India, in order to bring about a reconciliation convened a special meeting of the Standing Labour Committee (SLC) in 1968 to consider the impact of automation and recommend remedial measures. The representatives of employers and workers of the State Bank of India, LIC, Railways and the Oil Companies were invited to this meeting. It was suggested that a tripartite sub-committee be constituted at the centre to lay down policy

[7] Government of India, *Report of the Committee on Automation*, Ministry of Labour and Rehabilitation, New Delhi, 1972.

guidelines for the introduction of automation. These deliberations, however, ended inconclusively. It was decided that the existing procedure for screening of proposals for import of computers would continue. The government continued to allow automation on a selective basis. In pursuance of the suggestions made at the SLC meeting in 1948, the committee on automation consisting of 10 members was set up in July 1969 by the Ministry of Labour, Employment and Rehabilitation.

This committee, after examining the impact of computers on various public sector and private sector undertakings, made recommendations to govern their use. As far as commercial establishments (under which LIC and other companies fall) were concerned it was felt that there was underutilisation of computers due to the fact that they were·introduced without adequate preparation, planning and thought.

It was recommended that adequate computer service facilities in appropriately located centres should be created to meet the demands of commercial establishments and if there was justification for in-house computers such cases would have to be examined and scrutinised by a panel of experts. The question of installation of computers in these established industries were to be governed by two criteria, namely: (i) the effect on employment in relation to the whole economy; and (ii) the effect on employment in the relevant departments of these establishments. Another recommendation was that the introduction of computers should be subject to a prior agreement with the workers. The committee also developed different procedures for the use of computers by commercial and industrial establishments,[8] for those utilising approved computers centres and for establishments desiring to have in-house computers.

Impact of Technological Change

Technological change does have an impact on industrial activity. Its impact on employment is one of the more important short-term economic aspects of automation. Installation of a large number of automatic machines at the same time naturally creates serious problems of unemployment, because by introducing automation the number of workers for the same output is less. One of the growing problems of our country is large-scale unemployment and underemployment. Cottage and small-scale industries which are labour-intensive provide large-scale employment. In this connection the National Commission of Labour (1969) felt that employment for any level of output declines with automation and recommends that, "in the application of advanced techniques of production, adequate care will have to be taken to see that the traditional labour intensive sector which provides employment to a large labour force continues to exist. If this approach is followed, the effect of selective introduction of labour saving techniques on total employment will not be so harmful as is usually under-

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[8] Government of India, *Report of the Committee on Automation*, op. cit.

stood". It also adds that the introduction of advanced technology should be gradual and done in consultation with the workers' representatives and should satisfy the following conditions: (a) it accommodates all labour that may be rendered surplus; (b) it results in higher productivity and efficiency; (c) it improves the level of earnings of the workers and ensures equitable gains due to technological changes; (d) it leads to reduction in costs and benefits to the community.

Technological change affects the work environment and alters the relationship between the employers and employees. This requires changes and adjustments in the work situation. Why do industries go in for superior technology? Industries change their production processes in the event of both internal and external pressures. A particular industry may introduce modern technological devices because it is losing skilled labour which constitutes internal pressure or because of tough market conditions, i.e. to meet the changed market demands, which constitutes external pressures. Once the change is introduced its impact depends on three factors: (i) the nature of the change; (ii) the rate and speed at which the innovations are introduced; and (iii) the methods employed by the management for introducing the change.

Technological change affects labour in two ways, economic and social. Under the first category, come redundancy, occupational adjustment, allocation of gains, transfer and retraining problems, etc. The second category consists of psychological factors such as resistance to change, job satisfaction, worker and union reactions and attitudes and problems of changed relationships and utilisation of leisure.

One of the problems created by the introduction of modern technology in industries is resistance on the part of workers to the changed environment, work situation and so on. This resistance takes various forms such as aggression leading to strikes, absenteeism, resignations, etc. However, this does not mean that all changes are resisted.[9] It is found that workers resist any change in their work as a result of automation if it threatens their basic security or if they do not understand the change and when they are forced to change.[10]

Dayal studied technological changes in three organizations. The first, an engineering firm where high-speed special purpose machinery was introduced. This firm employed modern technology successfully but within five years of introducing change, the company was involved in a prolonged strike due to imbalance within the organization caused by inappropriate management systems. The second case examined relates to the installation of a computer in a bank. After coming to an initial understanding over the installation between the union and the management the difficulty arose on extending its scope. The unions in the banking industry have a complex network of intra- and inter-organizational relationships. The difficulty arose because of external influences exerting pressure on the bank's union to resist the extension of the computer's use. The third case relates to an organization which manufactures electrodes. This organization was able to integrate the human and technological requirements of an automatic system and has achieved stability.

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[9] G. Strauss and L. R. Sayles, Personnel: *The Human Problems of Management*, New Delhi, Prentice-Hall of India, 1975.

[10] J. R. Bright, *Research Development and Technological Innovation*, Illinois, Richard D. Irwin, 1964.

In this connection, the Committee on Automation recommends that any introduction of automation should be subject to prior agreement with the workers. Dayal[11] studied this aspect of resistance to change and is of the opinion that technological change may not be acceptable because of factors within an organization like failure to develop an appropriate organization structure and administrative practices like planning, control, etc. consistent with the requirements of technology.

Technological change in spite of the problems connected with its acceptance has its positive effects like labour saving and product standardisation. An important result of technological change to automation in Indian industry is that the output per worker has risen considerably. Automation has been introduced in the sugar, steel, cement and textile industries. "It is said that there is hardly any organized industry which has remained untouched by spectacular technological changes resulting over a period in significant increase in labour productivity."[12] Trade unions question the assumption that all technological advance which replaces man by machines spells progress or growth in the socio-economic sense. They insist that technological changes lead to economic growth only under certain conditions. They also feel workers' representatives have a right to be consulted before the introduction of any change. On the other hand employers have consistently claimed that they should decide upon such changes and have, at best, been willing to discuss the problems of how employees can be protected from the adverse effects of such changes. This is one of the major problems that leads to industrial conflict. The Indian Labour Conference has laid down certain guiding principles for the employers and unions and the ILC has placed the responsibility on the government of providing an adequate framework to resolve the connected industrial relation problems.

Other problems which result from technological change are: (i) changes in job content, thereby creating new jobs to replace old ones (this would require wage fixation for the new jobs); (ii) fitting new jobs into the existing incentive scheme or piece rate structure which calls for new attitudes and skills.

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[11] I. Dayal, "Preconditions for Effective use and Automatic Technologies in India", ILO edn, *Automation in Developing Countries*, Round table discussion on the manpower problems associated with the introduction of automation and advanced technology in developing countries, ILO, Geneva, 1972.

[12] B. Tulpule, "Technological change and industrial relations" *in: Technological Change and Industry*, Thakur and Aurora, New Delhi, SRC, 1971.

Appropriate Technology: Its Relevance to the Indian Context

The transfer of large-scale complex technology from the highly industrialised countries to the developing countries poses problems: (i) it is expensive; (ii) the educational and industrial infrastructure needed takes many years to build up; (iii) its introduction inhibits the growth of the indigenous innovative capabilities of the developing country. The difficult situation posed by the transfer of complex advanced technology led to the movement for appropriate technology or intermediate technology, which it was felt was better suited to the local conditions.

The terms 'appropriate technology' and 'intermediate technology' seem to be used interchangeably in many cases. However, there are points of departure between the two. The comparisons or classification arose when the developed countries of the west were compared with the less developed countries in terms of technology, systems of manufacture, etc. When these comparisons were made there was an identifiable gap between the advanced and the less advanced and therefore the term 'intermediate' came into use.[13] Therefore the connotation of intermediate technology is a half-way stage between the simple or non-existent and the advanced.

Intermediate technology denotes a stage between the backward and the advanced. In India the former is identified with the technology of traditional Indian industry—for example, manufacture of sugar by the old indigenous technology, namely, Khandsari while the modern large scale vacuum pan technology for manufacturing crystal sugar is considered advanced.

However, since neither was an exact fit, a great deal of discussion ensued. Schumacher[14] led a body of opinion towards the development of a technology which would be appropriate to the conditions found in the countries where it was being introduced. This category does not form part of a 'stage' approach as suggested by intermediate and advanced technologies. Rather it denotes a social and cultural milieu, where given a particular combination of conditions, social, economic, political and so on, a relevant technology is developed keeping in view all the situational factors. So here the criteria is the concern for the appropriateness of technology.

These concerns for alternate technologies arose due to a variety of factors. The developed countries utilise systems that require a substantial capital outlay per worker. On the other hand, the less developed countries could not invest much in sophisticated systems but had abundant manpower. Therefore the less developed countries had to develop technologies which were based on a lower capital requirement and were more labour intensive for each unit of output.[15] Yet the fact that technology as a factor is improving the standard of living and providing goods and services at reduced cost, cannot altogether be ignored. Hence the dilemma of matching the two requirements. Baranson[16] feels that less developed countries do not possess requisite 'labour skills' to replace the 'machine skills' and the technical know-how and infrastructure to adjust to the demands of technology. In other words, it has to be built up. But without the adaptation to newer technology, costs per unit of output can be as much as three to five times higher than the international standard.

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[13] N. Jequier, *Appropriate Technology, Problems and Promises*, Paris, Development Centre of the Organizational and Economic Cooperation and Development, 1976.

[14] E. F. Schumacher, *Levels of Technology in Appropriate Technologies for Indian Industry*, Hyderabad, Small Industry Extension Training Institute, 1964.

[15] N. Kaldor, "Advanced technology in a strategy of Development", in *Automation in Developing Countries*, Geneva, International Labour Office, 1972.

For example, the solar pump developed by a French firm, which is being used in Mexico is a good example of appropriate technology.[17] It uses a widely available source of energy—the sun—to provide a scarce commodity—water. Although the pump is highly sophisticated, it blends well into the social environment. Thus appropriate technology represents the cultural and social dimension of innovation, i.e. it can be successful in blending itself to the environment and existing conditions.

India has witnessed many attempts to improve the level of traditional village industries. After 1947, Gandhi set up village complexes to train workers in improved technologies so that they would be qualified to set up small industries. In 1963 Dr. Schumacher, a British economist, visited India and influenced by Gandhi's ideas on technology, adapted them to modern needs and turned 'intermediate technology' into an area of international concern. This led to the setting up of an Appropriate Technology Development Unit in the Institute of Gandhian Studies and the Appropriate Technology Development unit of the Gandhian Institute of studies in Varanasi with the aim of developing and making visible the appropriate technologies. The goal of this unit is the improvement of indigenous industries, rural technologies and small industries and is concerned with all spheres of village activity.

It will be noticed that technology is a system that enables people to improve their work procedures and as a result their social and economic status also. In other words, technological inputs can be effectively utilised to provide more efficient methods and better utilisation of scarce resources like manhours, money, etc. That is, it can make many back-breaking jobs less arduous. Technology implies not only better and more sophisticated machines for doing things faster but also related factors like improvement in working environment, managerial knowledge and skills. In other words, with technological change, given the same amount of input, a better output may be possible. For instance, to use a rough simile, instead of extracting juice from citrus fruits by the traditional hand squeezing method one changes to a more efficient machine extraction method. In the latter case the output of juice would be much more than in the former. Therefore what is sought to be explained by technological change has a much wider connotation. However, introduction of technology, which is appropriate to a developed western society, in a less developed society does create a lot of problems. It is in this context that attempts have been made to develop appropriate technologies for less developed countries. There is no doubt that technological change like any other change will have repercussions on existing plant practices and methods. Therefore one has not only to examine very carefully the cost benefit analysis from the economic viewpoint but also take into account the repercussions on industrial relations. These industrial relations repercussions could be due to loss of job security, change in habituated work methods, need to adapt to new skills, and so on. Therefore the personnel and industrial relations manager has to carefully evolve a strategy which would be acceptable to the workers and at the same time be concerned with the viability of the enterprise.

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[16] J. Baranson, "Diesel engine manufacturing: Deautomation in India and Japan", *in: Automation in Developing Countries*, Geneva, International Labour Office, 1972.

[17] Jequier, op. cit.

14

India and the ILO

The International Labour Organization symbolises social justice, universal peace and human dignity. India's policies and programmes, which she pursues in the fulfilment of her obligation towards her people, are also based on similar concepts, namely, social justice, universal peace and human dignity.

The ILO was set up on April 19, 1919. Its main objective is the improvement of labour conditions. The unique feature of this organization is that, the representatives of management, labour and government participate in its proceedings. In 1946, when the United Nations Organization came into being, the ILO became the first specialist agency of the organization.

The ILO was born as a result of the peace conference convened at the end of World War I at Versailles. As an original signatory to the treaty of peace, India became a member in 1919. The ILO is an international organization, a new social experimental institution trying to make the world conscious that world peace may be affected by the unjust conditions of its working population. It deals with international labour problems. It is like other inter-governmental agencies such as the FAO or WHO working for the universal cause but differing from them in one aspect, namely, in its tripartite structure. Representation at all the proceedings of ILO is given to workers and employers besides governmental agencies. This characteristic feature enables all three agencies to share in its (ILOs) control, supervision and execution of its policies and programmes. There are three groups, namely, "the governments which finance it, the workers, for whose benefit it is created and the employers who share the responsibility for the welfare of the workers."[1]

Objectives of the ILO

The objectives of the ILO are enunciated in the preamble to its constitution supplemented by Article 427 of the Peace Treaty of Versailles, 1919 as well as by the Philadelphia Declaration of 1944. The ideology of the ILO is defined by these three instruments in the following terms.

> Whereas universal and lasting peace can be established only if it is based upon social justice.
>
> And whereas conditions of labour exist involving such injustice, hardship and privation to large numbers of people as to produce unrest so great that the peace and harmony of the world are imperilled...
>
> Whereas also the failure of any nation to adopt humane conditions of labour is an obstacle in the way of other nations which desire to improve the conditions in their own countries...[2]

Thus, the ILO has been "attempting to promote world-wide respect for the freedom and dignity of the working men and to create the conditions in which that freedon. and dignity can be more fully and effectively enjoyed."[3]

During the Second World War, in April 1944, a conference was convened at Philadelphia. As a result of these deliberations, the aims of the ILO were redefined. This was termed the Declaration of Philadelphia which was later incorporated into ILO's constitution. This conference reaffirmed the principles of ILO, namely, that

(a) Labour is not a commodity,
(b) freedom of expression and of association are essential to sustained progress,
(c) poverty anywhere constitutes a danger to prosperity everywhere,
(d) the war against want requires to be carried on with unrelenting vigour within each nation, and by continuous and concerted international effort in which the representatives of workers and employers enjoying equal status with those of governments, join with them in free discussion and democratic decision with a view to the promotion of the common welfare.[4]

The Declaration of Philadelphia set forth 10 objectives which the ILO was to further and promote among the nations of the world. The theme underlying these objectives is social justice. The objectives are as follows:

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[1] S.N. Dhyani, *International Labour Organization and India: In Pursuit of Social Justice*, New Delhi, National Publishing House. 1977.

[2] Dhyani, op. cit.

[3] A. D. Morse, *The Origin and Evolution of the ILO and its Role in the World Community*, New York, New York School of Industrial and Labour Relations, Cornell University, 1969.

[4] A. G. Johnston, *The International Labour Organization: Its Work for Social Economic Progress*, London, Europe Publications, 1970.

(a) Full employment and the raising of standards of living,

(b) the employment of workers in the occupation in which they can have the satisfaction of giving the fullest measure of their skill, and make their contribution to the common well being,

(c) the provision, as a means to the attainment of this end, and under adequate guarantees for all concerned, of facilities for training and the transfer of labour including migration for employment and settlement,

(d) policies in regard to wages and earnings, bonus, and other conditions of work calculated to ensure a just share of the fruits of progress to all, and a minimum living wage to all employed and in need of protection,

(e) the effective recognition of the right of collective bargaining, the cooperation of management and labour in the continuous improvement of productive efficiency and the collaboration of workers and employers in social and economic measures,

(f) the extension of social security measures to provide a basic income to all in need of such protection and comprehensive medical care,

(g) adequate protection for the life and health of workers in all occupations,

(h) provision for child welfare and maternity protection,

(i) the provision of adequate nutrition, housing and facilities for recreation and culture,

(j) the assurance of equality of educational and vocational opportunity[5].

Membership

The constitution of the ILO provides simple rules of procedures regarding admission of a State to the membership of the ILO. It provides that all those States, who were members of the ILO on 1st November, 1945, and any original member of the UN can become member of the ILO, by accepting the obligations of its Constitution. Other States can also become members of the ILO by a vote concurred by 2/3 of the delegates attending the session including 2/3 of the government delegates present and voting.

In 1945, the constitution of the ILO was amended and the ILO entered into a relationship with the United Nations. The new rules say that: (i) while membership of the UN does not mean membership of the ILO, any original member of the UN and any State subsequently admitted to membership of the UN may become a member of the ILO by communicating to the Director General, its formal acceptance of the obligations of the ILO; (ii) if a State is not a member of the UN, the ILO confers on the ILC (Parliamentary wing of the ILO) the right to admit that State to membership, which it had assumed defacto during the period of the relationship of the ILO with the League.

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[5] Johnston, op. cit.

There were 45 States who were members of the ILO in 1919. By 1973 the ILO's membership had risen to 119.[6]

Withdrawal of Membership

The Constitution of the ILO contains the specific right of the member state to withdraw by giving notice to the Director General of the ILO. Such notice will take 2 years after the date of its receipt by the Director General, subject to the member having at that time fulfilled all its financial obligations.

Since the Second World War five members have given notice of withdrawal but in three cases the members have returned to the ILO.

The withdrawal of a member has been regarded by the ILO "as a serious matter, much more serious than the simple subtraction of one numerical unit. For the ILO is not merely the mathematical total of its members but a living association of these States, organized for a common purpose—the attainment of balanced economic and social progress in an expanding world economy."[7]

Structure of the ILO

The ILO is organized around 3 sub-systems:

1. An International Labour Conference
2. A Governing Body and
3. An International Labour Office.

The Conference is the supreme policy making and legislative body. The Governing Body is the executive council and the International Labour Office is the secretariat, operational headquarters and information centre (Fig. 14.1).

The International Labour Conference

It is the policy making body of the ILO. The Conference comprises 4 groups representing governments, employers and workers in the ratio of 2:1:1. The sessions of the ILO are held at least once a year and all delegates may be accompanied by advisors, not exceeding two for each item on the agenda.

The government delegates to the ILC are mostly ministers, diplomats or officials subject to government instructions. Under the Constitution of the ILO, employers' and workers' delegates are nominated by the governments in agreement with the relevant industrial organizations.

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[6] Dhyani, op. cit.

[7] Johnston, op. cit.

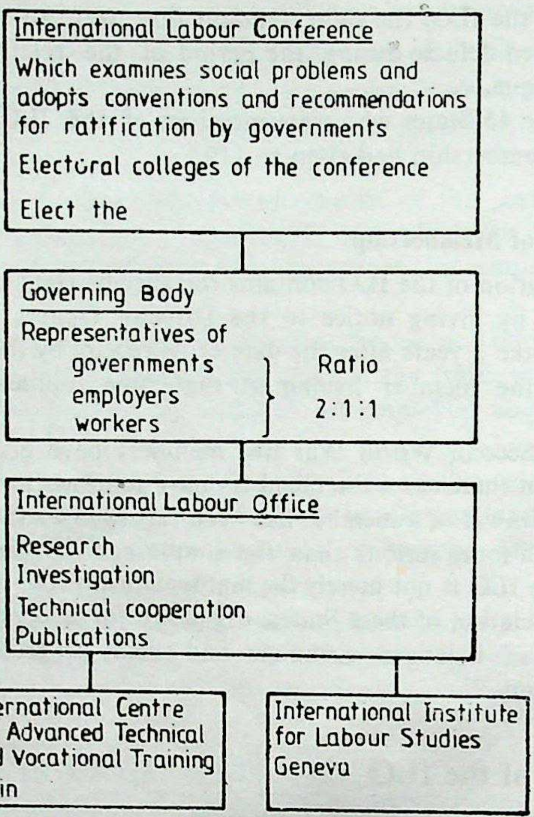
International Labour Conference
Which examines social problems and adopts conventions and recommendations for ratification by governments
Electoral colleges of the conference
Elect the
Governing Body
Representatives of
governments
employers
workers
Ratio
2:1:1
International Labour Office
Research
Investigation
Technical cooperation
Publications
International Centre for Advanced Technical and Vocational Training Turin
International Institute for Labour Studies Geneva

Fig. 14.1 Structure of the ILO

The voting system of the Conference on any issue is that every delegate has one vote. Table 14.1 gives the various functions performed by the ILC and the Governing Body. One of the primary powers of the Conference is to appoint committees to deal with different matters during each session. All the committees are tripartite in nature except the Finance Committee. The various committees are—the Selection Committee, the Credential Committee, the Resolution Committee, a Committee for the Application of Conventions and Recommendations, the Drafting Committee, and the Committee on Standing Orders.

The Governing Body

This is another of the principal bodies of the ILO. It is a non-political, non-legislative, tripartite body. It carries out the decisions of the Conference with the help of the International Labour Office. It consists of 56 members of which 28 represent governments, 14 employers and 14 workers. Of the 28 member government contingent, 10 are appointed by the members of the States of Chief Industrial Importance and the balance are delegates of other governments. The criteria laid down for the selection of members of Chief Industrial Importance is the strength of its total industrial population.

India is one of the ten States of Chief Industrial Importance. The period of office of this body is 3 years. It meets several times a year to take decisions on the programmes of the ILO. The functions of this body are given below.

TABLE 14.1 Functions of International Labour Conference and Governing Body of the ILC

ILC	Governing Body
1. Formulates International Labour Standards	1. Coordinates work of the organization
2. Fixes the amount of contributions by the member states	2. Draws up an agenda for each session and subject to the decision of the International Labour Conference, decides what subject should be included in the agenda of the International Labour Conference
3. Decides the expenditure budget estimates prepared by the Director General and submitted to the Governing Body	3. Appoints the Director General of the office
4. Makes amendments to the constitution subject to subsequent ratification of the amendments by the 2/3 member states including 5 of the 10 states of industrial importance	4. Scrutinises the budget
5. Considers the report of the Director General giving labour problems and assists in their solution	5. It follows up the implementation by member states of the conventions and recommendations adopted by the conference
6. It appoints committees to deal with different matters during each session	6. It fixes the dates, duration and agenda of the Regional Conference
7. It is empowered to regulate its own procedures	7. It has the power to seek advisory opinions from the International Court of Justice with the consent of the International Labour Conference
8. Selects once in 3 years members of the Governing Body	
9. Elects its Presidents	
10. Seek advisory opinion from the International Committee of Justice	
11. Confirms the powers, functions and procedures of Regional Conference	

The International Labour Office

This is the third major body in the ILO system. It functions as the Secretariat of the ILO in Geneva. The Director General of the ILO is the Chief Executive of this office. The Director General is appointed by the Governing

Body and he also acts as the Secretary General of the Conference. He is appointed for 10 years and his term may be extended by the Governing Body. The staff of this office is appointed by the Director General. He is assisted by two deputy director generals, six assistant director generals, one director of the International Institute for Labour Studies, one director of the International Centre of Advanced Technical and Vocational Training, advisors, chiefs of divisions, and other staff drawn from 100 nations.

The constitution of ILO describes the main functions of this office. They are:

1. To prepare documents on the items of the agenda of the Conference.
2. To assist governments in framing legislation on the basis of the decisions of the ILC.
3. To carry out its function in connection with the observance of the conventions.
4. To bring out publications dealing with industrial labour problems of international interest.
5. To collect and distribute information of international labour and social problems.

Finance and Budget of the ILO

The ILC fixes the budget on the recommendations of the Governing Body and member states make contributions accordingly. Contributions are fixed on an ad hoc basis from year to year. India's contribution is 2.77% of the ILO annual budget and her contribution is 7th in order.[8]

Impact of the ILO on the Indian Labour Scene

The impact of the activities of the ILO on the Indian labour scene is twofold. Firstly, the ILO was the principal source for labour legislation in India through the ratification of the ILO standards. The principles of these standards are incorporated into the existing labour laws. Secondly, the effect of Article 3 of the Constitution of the ILO which provides for the nomination of nongovernment delegates and advisors to the International Labour Conference which is held every year is in furthering the process of organization among employers and workers in India.

The ILO Standards and Indian Labour Legislation

One of the main functions of the International Labour Conference (ILC), the legislative wing of the ILO is to formulate international labour standards. The ILC provides a forum for discussion and deliberation of international labour problems and then formulates the standards in the form of conventions and recommendations. These conventions and recommendations are collectively known as the International Labour Code.

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[8] Dhyani, op. cit.

A convention is a treaty, which when ratified by a member state, creates binding international obligations on that state whereas a recommendation creates no such obligations, but is essentially a guide to national action.

The Birth of a Convention

The conventions that come into being are, the result of international agreement on a given subject. To illustrate this point, equal pay for men and women will serve as a good example. Equal pay was recognised as an objective of the ILO constitution. Following a request of the Economic and Social Council of the UN, in 1948, the Governing Body of the ILO decided to place the question on the agenda of the ILC. In choosing a question the Governing Body is guided by the wishes of governments, employers and workers' organizations of the member states. It is helped in its decision by surveys of the law in different countries, compiled by the office. The ILC in considering a question seeks the views of the governments by means of a detailed questionnaire. In the case of the issue of equal pay, there were two successive annual sessions of the ILC, the first reading covering the general principles and the second adopting the final text. In the deliberations of the ILC, workers' and employers' representatives participate on a basis of full equality with representatives of governments. The proposed standards are considered, firstly, by a technical committee, which are adopted later, after acquiring a 2/3 majority, the combined labour and management votes equalling the government votes.

The ILC discussed equal pay in 1950 and 1951 and in 1952 adopted a convention by 105 votes to 33 and a recommendation by 146 votes to 18. Thus a convention was born.

One of the salient features of these standards is their flexibility. The ILO has as its members countries with varying degrees of industrialisation and a divergent social structure. The ILO constitution contains provisions designed to meet this difficulty. While framing the standards, the Conference is required to keep factors like climatic conditions, industrial organizations, etc. in mind (Article 19.3 of the ILO Constitution). For example, the convention concerning minimum standards of social security permits ratification in respect of as few as 3 out of a list of 9 types of benefits (sickness, unemployment, old age, etc.) and also enables less developed countries to avail themselves of certain temporary exemptions in regard to the proportion of protected persons, the duration of benefits, etc. Such flexibility clauses help in making the ILO's standards applicable to the less industrialised countries too.

Ratification Procedures of ILO Standards

The ILO standards are analogous to treaties requiring ratification by a competent national authority within a period of 1 year or 18 months at the latest from the closing session of the ILC. In India, the treaty making power is within the competence of the Government of India. The power to enact and implement legislation lies in the hands of the Parliament. The Director General of the ILO sends a certified copy of the convention, once it is born, to all member States. Since in India labour is in the concurrent list of the Constitution, the Government of India dispatches the convention to the State governments, to the Ministries of Labour of the Union, as well as to the All-India Organizations of workers and employers inviting their views regarding the desirability and practicability of giving effect to these standards. A statement of action is drawn up, taking into account the comments received, is considered by the Union cabinet and is placed before Parliament, where the proposals are discussed from all aspects. Copies of the statements are forwarded to the International Labour Office, the State governments, and the workers' and employers' organizations. Follow-up action, by way of ratification of conventions, is taken up subsequently.

The Tripartite Committee of India was set up to draw up a programme of implementation of the ILO conventions. This committee makes a detailed scrutiny of the ILO instruments. It is on the recommendation of this committee that India ratifies conventions and recommendations. In case where the committee has not ratified a particular instrument, it focusses on the reasons for non-ratification.

India has so far ratified 32 conventions of the 148 adopted by ILO. Again 31 recommendations were ratified by India out of the 156 adopted by ILO.[9]

Out of the 32 conventions (Table 14.2) ratified by India, 11 were ratified before 1930, 3 between 1930–47 and 17 after 1947. The number of conventions ratified in terms of an average is 22%. The largest number of conventions relate to seafarers, general conditions of employment, and social security. Table 14.3 is an index of ratification by India of ILO conventions (subject-wise).

Information on measures taken in pursuance of the ratified conventions has to be conveyed through annual reports to be sent to the International Labour Office. These reports are examined by an Independent Committee of Experts to ensure compliance.

Some of the factors responsible for nonratification of conventions by India are constitutional and administrative. Political difficulties sometimes prevent a formal ratification. For example, there are conventions dealing with agricultural labour which have not been ratified because of administrative problems involved in implementing legislation based on conventions. There are 15 such conventions. Indian villages have their own social systems and usages, existing for centuries, which cannot be replaced in a short time. Another example is in the case of a convention for the Abolition of Forced Labour. It was not ratified because its ratification prevents both the Central and State governments from requisitioning labour in emergencies like floods, famines, etc.[10]

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[9] S.L. Agarwal, *Labour Relations Law in India*, New Delhi, Macmillan, 1978.

These are some of the constraints in the formal ratification of conventions.

TABLE 14.2 ILO Conventions Ratified by India and Date of Ratification

Sl. No.		Title	Date
1.	No. 1	Hours of work (industry) 1919	14.7.1921
2.	No. 2	Unemployment 1919	14.7.1921
3.	No. 4	Night work (women) 1919	14.7.1921
4.	No. 5	Minimum age (industry) 1919	9.9.1955
5.	No. 6	Night work of young persons (industry) 1919	14.7.1921
6.	No. 11	Right of association (agr.) 1921	11.5.1923
7.	No. 14	Weekly rest (industry) 1921	11.5.1923
8.	No. 15	Minimum age (trimmers, stockers) 1921	20.11.1922
9.	No. 16	Medical exam. of young persons (sea) 1921	20.11.1922
10.	No. 18	Workmen's compensation (occupational dis.) 1925	30.9.1927
11.	No. 19	Equality of treatment (acc. com.) 1925	30.9.1927
12.	No. 21	Inspection of equipment, 1926	14.1.1928
13.	No. 22	Seamen's articles of agreement, 1928	31.10.1932
14.	No. 26	Minimum wage fixing machinery, 1928	10.1.1955
15.	No. 27	Marking of weight (package, transport by vessel) 1929	7.9.1931
16.	No. 29	Forced labour, 1930	10.11.1954
17.	No. 32	Protection against accidents (docks) 1930	10.2.1947
18.	No. 41	Night work (women) 1935	22.11.1935
19.	No. 45	Underground work (women) 1935	25.3.1938
20.	No. 80	Final articles revision, 1946	17.11.1947
21.	No. 88	Employment service, 1948	24.6.1959
22.	No. 81	Labour inspection, 1947	7.4.1949
23.	No. 89	Night work (women) revised, 1948	27.2.1950
24.	No. 90	Night work of young persons (industry), revised, 1948	27.2.1950
25.	No. 100	Equal remuneration, 1951	25.9.1958
26.	No. 107	Indigenous and tribal policy, 1957	29.9.1959
27.	No. 111	Discrimination (employment and voc.), 1968	3.6.1960
28.	No. 116	Final articles revision, 1961	22.6.1962
29.	No. 42	Workmen's compensation (occupational diseases), revised, 1934	13.1.1964
30.	No. 118	Equality of treatment (social security), 1962	19.8.1964
31.	No. 141	Rural working urbanisation	1975
32.	No. 115	Radiation protection	1960

Source: Agarwal, S. L., *Labour Relations Law in India*, New Delhi, Macmillan, New Delhi, 1978, pp. 601–602.

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[10] Dhyani, op. cit.

ILO Recommendations and India's Ratification

As mentioned earlier, India ratified 31 recommendations out of 156 adopted by the ILO (Table 14.2). This table gives the number of recommendations ratified by India and the date of ratification. Apart from this, many recommendations are being implemented without being formally adopted (Table 14.3). The main criteria for adopting ILO's standards is its relevance to the immediate needs and conditions of society.

TABLE 14.3 Index of Ratification by India of the ILO Conventions Subject-wise (as on 31 December 1974)

Sl. No.	Subject	Number of conventions adopted	Number of conventions ratified
1.	Basic human rights	8	4
2.	Labour administration	4	1
3.	Human resources development	5	2
4.	Industrial relations	—	—
5.	General conditions of employment	24	3
6.	Employment of children and young persons	12	3
7.	Employment of women	6	4
8.	Industrial safety, health and welfare	8	2
9.	Social security	20	4
10.	Migration	3	1
11.	Seafarers	34	3
12.	Indigenous and tribal populations of nonmetropolitan territories	9	1
13.	Social security (general)	2	—
14.	Plantation	1	—
	Total	136	28(2)*

*Two conventions relating to revision of articles are not included here.

Source: Dhyani, S. N., *International Labour Organization and India in Pursuit of Social Justice*, New Delhi, National Publishing House, 1977, p. 146.

According to the National Commission of Labour "International obligations which devolve on India as a result of our long association with the ILO have to be discharged in the following directions: (i) adopting the aims and objects of the ILO for national action; (ii) cooperation in the ILO's programmes; and (iii) progressive implementation of the ILO's standards."[11]

The influence of the International Labour Conventions and Recommendations on legislation in India is direct in some cases while in others the relation is not so obvious. After ratification takes place, a convention or a

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[11] Government of India, *Report of the National Commission on Labour*, Ministry of Labour, Employment and Rehabilitation, 1969, pp. 472–480.

TABLE 14.4 Recommendations of ILO Which Have been Fully Implemented by India

Sl. No.	Recommendation No.	Title
1.	2	Reciprocity of treatment
2.	6	White phosphorus
3.	9	National seamen's codes
4.	20	Labour inspection
5.	24	Workmen's compensation (occupation disease)
6.	25	Equality of treatment (accident compensation)
7.	28	Labour inspection (seamen)
8.	30	Minimum wage fixing machinery
9.	34	Protection against accidents (dockers) Consultation of organizations
10.	35	Forced labour (indirect compulsion)
11.	36	Forced labour (regulate)
12.	40	Protection against accident (dockers) reciprocity
13.	48	Seamen's welfare in ports
14.	50	Public works (international cooperation)
15.	68	Social security (armed forces)
16.	78	Bedding, mess utensils, miscellaneous provisions (ship's crews)
17.	81	Labour inspection
18.	82	Labour inspection (mining and transport)
19.	90	Equal remuneration
20.	92	Voluntary conciliation and arbitration
21.	94	Cooperation at the level of understanding
22.	96	Minimum age (coal mines)
23.	102	Welfare facilities
24.	104	Indigenous and tribal population
25.	105	Ship's medicine
26.	106	Medical advice at sea
27.	107	Seafarer's engagement (foreign vessels)
28.	108	Social conditions and safety (seafarer)
29.	111	Discrimination (employment and occupation)
30.	113	Consultation (industrial and national levels)
31.	130	Examination of grievances

Source: Dhyani, S. N., *International Labour Organization and India*, Delhi, National Publishing House, 1977, pp. 294, 295.

recommendation is given effect through a new enactment, a modification in the existing law, or a change in the administrative practices and procedures. The progressive amendments and changes in factory legislation, development of new labour legislation before 1931, are mainly due to the work of the ILO. The ILO conventions and recommendations have had an influence, on the following:

1. Factory and mines legislation with regard to aspects like hours of work, night work for women and young persons, weekly rest, etc. Accordingly, the relevant act, the Factories Act, 1911 was amended.

2. Promotion of human rights.

3. Wage legislation—India ratified Convention 26 on minimum wage fixing machinery in 1955. Later the Indian Government passed the Minimum Wages Act in 1958. Under the Act, the Government is to constitute an advisory committee to advise it on this matter.

4. Leglslation concerning seamen. The conventions which are not ratified have indirectly shaped India's labour legislation. For example, India did not ratify the Maternity Protection Convention in 1952. Yet there was maternity legislation for the protection of women at the State level and now the Indian Maternity Benefit Act, 1961 provides for benefits of leave with wage, job security to working mothers, although the coverage under this Act is not as wide as under the convention.

"Thus the ILO standards have influenced Indian labour legislation. The ILO conventions have formed the sheet anchor of Indian labour legislation especially after 1946 when the Indian National Government assumed office at the centre and drew up a blueprint on labour policy based on the ILO standards. The Directive Principles of State Policy in Articles 39, 41, 42 and 43 of the Constitution lay down policy objectives in the field of labour having close resemblance and influence to the ILO Constitution and the Philadelphia Charter of 1944."[12]

The activities of the ILO have influenced and strengthened labour, especially by helping the trade union movement gain momentum. Employers have also taken note of its conventions to introduce progressive measures for the working population. Thus the ILO both directly and indirectly has had a great influence on the Indian labour scene and labour legislation.

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[12] Dhyani, op. cit., p. 177.

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Labour Policy and the Five-Year Plans

Soon after India attained Independence in 1947, the Central Government convened a conference which was attended by the representatives of State governments, employers and workers with a view to developing means to increase industrial production. At this conference they adopted a resolution called the Industrial Truce Resolution, the object of which was to evolve measures to improve relations between employers and labour and ensure conditions that would not interrupt production. After this resolution was adopted, the Government of India set up two tripartite committees, namely, the Committee on Fair Wages and the Committee on Profit Sharing. The recommendations of these committees later formed the basis for the planned and orderly progress of industrialisation.

The Planning Commission was set up later in March 1950. The basis for formulating the five-year plans was an initial in-depth analysis by experts as to the priorities and the manner of utilising the scarce resources available in a developing country. The strategies for growth, the mix between industry and agriculture, generation of employment and improving the standards of living were to be chalked out and given as guidelines to the Central Government and then to the States for implementation. This would ensure a phased and balanced growth of the various sectors of the economy.

This study is, however, mainly concerned with the labour policy enunciated in the 5 Five-Year Plans which we shall discuss at length in the following pages.

For the Planning Commission's approach to labour, the first consideration is related to the well-being of the working class and, secondly, the plan's contribution to the economic stability and progress of the country.

First Five-Year Plan (1951-1956)

The recommendations of the Planning Commission with regard to labour policy, when accepted, form the basis of the labour policies of the Central and State Governments which it revises from time to time according to the specific needs of industry and the requirements of a planned economy. Labour policy was first formulated by the Commission in 1951.

The First Five-Year Plan concentrated on five aspects of labour policy: (i) industrial relations; (ii) wages; (iii) working conditions; (iv) employment and training; and (v) productivity.

Industrial Relations

The Planning Commission in consultation with the Ministries of Labour and Commerce and Industry had worked out certain proposals to govern industrial relations. According to these proposals the industrial development committee composed of representatives of employers and workers agreed upon certain conclusions in respect of an industrial relations policy. The main features of this agreement are that the workers had a right to strike, to resort to direct action for the defence of their rights. At the same time the disruptive effects of a strike had to be considered and therefore curtailed as far as possible. Since India, soon after independence, was moving in the direction of planned production and distribution, realisation of social justice and welfare of the workers was of utmost importance. The plan thus recommended that the States arm themselves with legal powers to refer disputes for settlement when there was a deadlock between the two parties in a dispute, by arbitration or adjudication if other peaceful methods failed.

The stress was to be on avoidance of disputes and as far as possible on internal settlement of disputes. For this, the plan recommended that terms and conditions of employment and responsibilities of the employers and workers should be clearly defined, that a grievance procedure should be developed and standing orders laid down.

In order that there be harmonious labour-management relations there was to be close collaboration between employers and workers through consultative committees.

Works committees were to be set up for on-the-spot settlement of differences between the workers and management and the evolution of team spirit and a sense of belonging to the enterprise and its viability was to be fostered. The process of collective bargaining was to be encouraged for which there would be a single bargaining agent over as large an area of industry as possible. In other words, industry-wide agreements were to be encouraged.

Another point of agreement was the determination of norms to govern the relations between employers and workers. The machinery for this was to be tripartite in nature. When agreement was not possible the government was to decide unilaterally. These decisions were to be incorporated in legislation.

Wages

The recommendations in this regard were that there should be some control on wage increases, in fact some kind of regulation and monitoring. The Planning Commission felt that "advances to a living wage can be achieved through a fall in prices, an increase in the productivity of labour, or an improvement in the capacity of industries to pay, brought about by nationalisation of industry or modernisation of the plant etc."[1]

The tripartite machinery for wages was to develop norms to guide wage boards in setling questions relating to wages. A suitable and proper basis had to be worked out by this machinery for awarding periodic bonus by the industrial tribunals and courts Wage boards has to be established in each State and the Centre in order to deal with the questions relating to wages. A statutory Provident Fund for industrial workers was to be instituted to provide for old age.

Working Conditions

The Plan emphasises that administrative measures are to be developed for the implementation of such pieces of legislation as the Factories Act, 1948, the Mines Act, etc. which regulate conditions of work. As suggested by the Plan, the action should take the following course. The Factory Inspectorate was to be strengthened for achieving standards of enforcement of these laws. In cases where lower standards prevailed those areas were to be given greater attention. An inspection code for each industry regarding its working conditions was to be prepared and the provisions of this code were to be followed strictly; the employers were also to be concerned with workers' education, health, and other social needs. Finally, to promote the effective implementation of the provisions of the Factories Act, a national industrial health museum was suggested, to create awareness in the minds of the public at large.

Employment and Training

The recruiting arrangements of the individual concerns were to be improved so that the exploitation of the workers was avoided (collection of money for giving a job). An enquiry was recommended to examine the working of the employment exchanges.

There was to be coordination in the provision and facilities for technical and industrial training between the ministry of labour and apprenticeship training schemes in industrial undertakings. It was suggested that an assessment be made of the requirements, short-term as well as long-term, of the different types of skilled manpower.

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[1] Government of India, *First Five-Year Plan*, New Delhi, Planning Commission, 1951, pp. 181-192.

The process of rationalisation (installation of new machinery in industry) was to be facilitated, based on safeguards like fixing work loads, standardisation of working conditions, stopping fresh recruitment, offering work to surplus workers in other departments without causing a break in the continuity of service and offering of gratuity to induce voluntary retirement etc.

The Planning Commission pointed out that in fulfilling these recommendations there would be a progressive rise in the productivity of industry.

Productivity

Productivity studies were suggested to find out the productivity per worker. Methods were to be evolved to conduct these studies with a view to understanding the factors responsible for high or low levels of productivity in different industries.

Thus the First Plan was drawn up with awareness of one aspect, i.e. the importance of industrial labour in the national economy. Social security measures were implemented in the form of ESIS Act, 1948, Employees Provident Fund (EPF) Act, 1952, etc. A Central Labour Institute wa' planned to study the problems of production in relation to the health and safety of workers and State Governments opened welfare centres for industrial workers.

The Second Five-Year Plan (1956–1961)

The Second Five-Year Plan was framed in the light of the socialist pattern of society which was built not only on monetary incentives but on ideas of service to society.

Thus the labour policy of the Second Five-Year Plan set as its objective better discipline, increased production and improved productivity. Towards this objective the Planning Commission constituted a panel of labour that concluded certain agreements from which the recommendations in the Second Five-Year Plan have emerged.

These recommendations were as follows:

The Second Five-Year Plan continued the policy laid down in the First Plan with certain changes[2]. In the matter of Industrial Relations the Plan stressed mutual negotiations, conciliation and voluntary arbitration. Where the cases were intractable there was to be recourse to government intervention to remedy this situation. Since inadequate implementation of awards and agreements led to friction between labour and management, an appropriate tribunal was to be constituted to enforce compliance with the directions of the awards. Penalties for violation, it was suggested, should be deterrent in nature. This plan recommended the setting up of a standing joint consultative machinery at the centre, in the states and in individual units for bringing about cooperation between labour and management and setting up of a council of management to discuss matters relating to an enterprise and to recommend steps for harmonious working.

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[2] Government of India, *Second Five-Year Plan*, New Delhi, Planning Commission, 1956, pp. 571-584.

Wages

The Second Plan identified the factors which could solve difficulties in the implementation of the principle of fair wages, namely, improvement of the working of marginal units. One way was to combine such units into larger ones consistent with the requirements of a decentralised economy. Surveys had to be made to determine which units fell in this category. The other recommendations for improvement of wages were: (i) improvement of working conditions; and (ii) introduction of payment by results. The plan also recommended the setting up of a wage commission to lay down the principle of an acceptable wage policy.

The wage commission was to examine the relevant data and formulate the principles for defining the relationship between wages, prices and profits, keeping in view the social objectives of the community. In order to have an adequate data base the Plan recommended "the wage census before formulating the principles". Not only was the wage census to be taken into account but the causes of wage disputes were also to be considered.

This Plan recommended that a tripartite wage board, consisting of an equal number of representatives of employers and workers and an independent Chairman should be instituted for settlement of wage disputes since the industrial tribunals could not resolve issues satisfactorily.

The third aspect of labour policy emphasised by the Second Five-Year Plan was its recommendation for extension of social security measures like the EPF scheme. The EPF scheme was implemented on a statutory basis during the First Plan. The Second Plan recommended that the EPF be extended to cover industries and commercial establishments having 10,000 workers or more in the country as a whole.

The enhancement of the rate of contribution from 6¼% to 8.33% and extending the provision of medical benefits to workers' families under the ESIS scheme was suggested. Another recommendation was to combine different social security measures into an overall social security scheme, to reduce overhead costs and to provide more benefits from the savings so effected.

The Second Five-Year Plan also recommended measures for certain groups of workers who needed separate treatment because of their unique problems. A few such groups were contract labour, agricultural labour and women workers. The suggested measures were regulation of working conditions of contract labour, ensuring their continuous employment, region-wise determination of the level of minimum wages for agricultural labour and its effective enforcement, and effective implementation of various statutes for protection to women workers.

The Second Five-Year Plan aimed at provision of development programmes for the training of craftsmen (to provide 19,700 seats in addition to 10,300 seats available) to increase the period of training. The training schemes were to be implemented by the State Governments in collaboration with the Ministry of Labour, Government of India and a National Council for Vocational Training. The introduction of an apprenticeship scheme for training skilled craftsmen, to increase the number of employment exchanges and expand the scope of their activities, expansion of the Central Labour Institute, setting up of a film unit for a Workers Education Programme, and housing programmes for industrial workers, etc. were a few of the improvements suggested by the Plan.

One of the points worth mentioning in this Plan was the development of the concept of workers' participation in management. Joint management councils were established in 23 units (Third Plan) on an experimental basis. These councils were given the responsibility for matters such as workers' welfare, training and other related matters, to act as a link between the employers and workers in maintaining relations between them. In a seminar in March 1960, the work of the councils was reviewed and it was found satisfactory.

The Plan period witnessed significant advances in the area of workers' education. It was found that such programmes have helped to "raise the confidence of the workers" and "increased their ability to take advantage of labour laws."[3]

The Third Five-Year Plan (1961–1966)

This Plan aimed at consolidating, stabilising and expanding the measures taken during the Second Plan.[4] In the matter of industrial relations, the Third Plan emphasised the implementation of the Code of Discipline. This Plan maintained that the principle of voluntary arbitration was to be followed for settlement of disputes in preference to adjudication. In this connection, it was suggested that the government should take the initiative in drawing up panels of arbitrators on a regional and industry-wise basis. The Plan strongly recommended that in order to improve their work efficiency the functions of the works committees be demarcated so that they were distinct from trade union activity. It also made recommendations for progressive extension of the scheme of joint management councils, and consequent to this step, undertaking of an intensive programme of workers' education in the establishments where such councils were set up to improve the rate of literacy among workers. Finally, the Plan recommended the need to recognise trade unions as a step towards recognising their role in the industrial and economic administration of the country.

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[3] Government of India, *Third Five-Year Plan*, New Delhi, Planning Commission, 1961, pp. 250-263.

[4] Sonarikar, S., *Implementation of Labour Enactments*, Bombay, Popular Prakashan, 1976, p. 33.

Wages

The recommendation of the Second Plan to set up wage boards for the settlement of wage disputes was extended to many industries in the Third Plan, as in the iron and steel industry. On the question of payment of bonus it was decided to appoint a commission to study the problems connected with bonus claims and to evolve guidelines with principles and norms for the payment of bonus.

Social Security and Labour Welfare

The coverage of workers under the ESI scheme was 17 lakhs industrial workers at the end of the Second Plan and during the Third Plan period the scheme aimed at a total coverage of 30 lakhs. A scheme was also proposed to add 6000 hospital beds by building additional hospitals (Third Plan). The coverage of the EPF scheme was also to be extended. The EPF scheme which covered 58 specified industries/establishments was to be extended. The employment level for coverage was to be lowered from 150 to 20 persons.

To ensure the safety of mine workers, a National Mines Safety Council was proposed to be set up to familiarise those in the mining industry with safety rules and measures. The question of separate safety legislation for building and construction workers was also examined by this plan. As recommended by the Plan, special welfare funds were constituted for welfare measures for coal and mica mining workers. In some industrial centres workers' cooperative housing societies exist.

Employment and Training Schemes

By the Third Plan period it was intended to increase the number of industrial training centres, with adequate in-plant training facilities for training educated youth in the methods of business management. The capacity of the three central training institutes for craft instructors was to be raised. The apprenticeship training scheme which was carried out on a voluntary basis in the Second Plan was sought to be made compulsory. It was also intended to increase employment exchanges, especially rural employment exchanges.

Another aspect which was covered in this Plan was the need to develop a scheme to provide relief to retrenched workers on a contributory basis, with the assistance of the government. The relief was to be in the form of loans.

Productivity

The Third Plan also laid stress on raising the level of productivity for which the employer, the workers and the rest of the community were to work together.

Research

During this period one aspect which was given equal importance with the other routine aspects of planning was labour research in the areas of working conditions, family budgets, absenteeism, etc. It was decided to constitute a central committee, tripartite in character, for coordinating labour research.

The Fourth Five-Year Plan (1969-1974)[5]

In the matter of Industrial Relations, continued emphasis was laid on measures recommended in the earlier plans. As a result many acts were enacted, e.g. the Payment of Bonus Act, 1965, the Shops and Commercial Establishments Act and the Labour Welfare Fund Act in the States. The National Safety Council was set up in 1966 as per the recommendations of the Third Plan. All the wage boards of the 19 major industries had submitted their reports. Under the Minimum Wages Act, 1948, the minimum wages were fixed for agricultural and other trades. The Government of India set up the National Commission on Labour to study and make recommendations on various aspects of labour relations.

The coverage of social security measures as in the case of ESIS and EPF was extended.

The Fourth Plan laid great emphasis on employment and this idea was given wide coverage. Thus, in 1968, a committee of experts was set up by the Planning Commission to enquire into the estimates of unemployment worked out by other plans, the Census and the National Sample Survey to advise the Planning Commission on these issues. The committee submitted its report which recommended the collection of employment data in India.

The strategy developed by the Fourth Plan was unique in the sense that it emphasised labour intensive programmes through the development of agriculture and the rural infrastructure like electrification, water management, and so on. This Plan laid stress on schemes such as roads, minor irrigation, housing and urban development.

Thus, many of the programmes launched during the Fourth Plan period were with the goal of increasing employment opportunities and providing unemployment relief in the rural areas.

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[5] Government of India, *Fourth Five-Year Plan*, New Delhi, Planning Commission, 1969, pp. 424-432.

During this Plan period the Maharashtra and Gujarat governments formulated employment schemes. Other schemes formulated for employment growth were in the mining and manufacturing industries, the transport sector, the construction industries etc.

The Fifth Five-Year Plan (1974-79)[6]

The Fifth Plan document had a chapter on employment, manpower and labour welfare.[7] The thrust was on a few themes, which are discussed below:

The need to generate more employment opportunities and help to reduce underemployment, either in the wage employment category or in the self-employed category for which labour intensive projects were suggested. The need to examine more closely, in view of the changed economic environment, the linkage between current education systems and population growth was also highlighted. It was felt that given the population explosion, besides family planning to control this phenomenon, there was a need to reorient education towards practical skill formation.

There was an extensive review of the demand and supply for the various types of specialist manpower, such as, engineers, doctors, teachers, scientists, managers, agriculture specialists and craftsmen. It was suggested that craftsmen should be given training to improve and diversify their skills to meet the needs of the current environment.

The need for greater mobility of labour was also stressed, especially from labour surplus to labour starved areas. It was felt that geographic barriers would result in artificial shortages and excesses.

The government provides an employment service through employment exchanges. These services were to be expanded to cover a comprehensive package, consisting of career counselling and vocational guidance.

It was suggested that there was a need to improve labour welfare amenities already existing by integrating them into more comprehensive social security package and expand the coverage of the employees state insurance scheme and the family pension scheme.

Finally, a national labour institute was to be set up, to function as a coordinating agency for research in labour matters.

The plan allocation was Rs. 57 crores for craftsmen training, employment service and labour welfare programmes.

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[6] Government of India, *Fifth Five-Year Plan*, New Delhi, Planning Commission, 1974, pp. 83–84.

[7] Government of India, *Draft Fifth Five-Year Plan*, 1974–79, New Delhi, Planning Commission, pp. 267–273.

The Sixth Five-Year Plan (1980-1985)

The Sixth Plan had a chapter on labour and labour welfare. After a brief overview of the labour situation in the country, which highlighted the wage and bonus issue, in terms of wage differentials, national minimum wage and the need for productivity-linked bonus, the document highlighted a few thematic concerns. They are:

The need to strengthen and revitalise scheme of workers' participation, according to the Sixth Plan:

> It should be made a vehicle of transforming the attitudes of both employers and workers for establishing a cooperative culture which may help in building a strong, self-confident and self-reliant country with a stable industrial base.
>
> A 21 Member Committee comprising the representatives of employers, trade unions, government and academicians has studied the matter in depth and recommended, among others, a legislative scheme of workers' participation providing three-tier participative forums at shop floor, plant level and corporate/board levels. An enlarged area of participation to cover matters relating to operational economic and financial, personnel, welfare and environment areas has also been recommended.
>
> An effective agency for monitoring and evaluation would greatly help in making participative management a success.[8]

Next, the role of trade unions, particularly in the organized sector, was examined. A reorientation of the role of trade unions was suggested. It was estimated that the extent of unionisation in the organized sector as a whole was around 30%. Several factors like the proliferation of unions, inter-union rivalry and the role of outside leaders have combined to "undermine the effectiveness of collective bargaining and led to industrial unrest". (Sixth Plan, p. 405). The trade union's role and orientation of attitudes needs to be changed, given the nation's priorities of growth and development. There needs to be a better identification of the worker's goal with that of the enterprise's viability. At the same time the trade unions have a major role to play in improving the quality of life of the workers, through education, health and family planning, recreational and cultural activities.

Expansion of two major social security measures was suggested: first that the Employees' Provident Fund scheme should be extended to employees in smaller establishments and those in rural areas. The second was the need to extend the Employees State Insurance scheme to newer areas. In both the schemes, the coverage of employees was somewhat limited and these two important benefits could help ease the privations of many wage earners.

Concern was also expressed about safety and working conditions. A broader framework was suggested to include the effect of occupational diseases, the environment in which workers live and work. It was felt that these two factors had a direct bearing on increased production.

The document examined in detail, the problems of the rural and other special deprived categories of labour. It suggested the need for the proper organization of rural labour, in order to protect their interests, either through existing trade unions or through their own efforts. The need to periodically revise the minimum wages of agricultural labour was highlighted. Special problems of bonded labour, child labour, women labour, contract labour, construction labour and inter-state migrant labour were identified and steps that ought to be taken to mitigate their problems and the special care and attention that groups deserved was highlighted.

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[8] Government of India, *Sixth Five-Year Plan*, 1980–85, New Delhi, Planning Commission, pp. 402-412.

An outlay of Rs. 161.9 crores was proposed for labour and labour welfare the programmes for the plan period.

Evaluation of the Five-Year Plans

The plan documents are only guidelines for action. Much therefore depends on the parties involved in the process, i.e. the government, the employers, the trade unions and the workers being involved with the recommendations in order to ensure their implementation. The plan guidelines propose both structural mechanisms like voluntary adjudication, and specific benefits like welfare or social security measures to ensure harmonious industrial relations.

Through midterm appraisal the government reviews the working of the Plans and tries to take corrective action. However, labour legislation being a concurrent subject, both the Centre and the States are involved and much therefore depends on the States and the rapport between the Centre and the States on these matters.

More specifically in labour matters many committees were set up to review the guidelines given by the plans. In 1958, the standing labour committee set up evaluation cells. Besides the tripartite body consisting of delegates of labour, government and employers also reviewed the progress of the plans and took steps to tone up the administration of labour policies. The Ministry of Labour's annual report was also a review document. In an article, Mukerjee outlined some dimensions which would provide a feedback on the objectives of planning.[9] He feels for instance that by and large the plans have met the objectives set for them. (This data is up to the midterm of the Third Plan.) The effect of the plan policies on the wage levels has been positive, i.e. increasing incomes of workers and a not so alarming conflict pattern. The growing tendency was to resolve conflicts by voluntary arbitration rather than to merely rely on compulsory arbitration. Mukerjee feels that the large number of new entrants into the labour market is depressing the level of wages.

Evaluating the effects of planning on the industrial relations scene, the Council of Indian employers noted that much has been done for labour.[10] The First Plan aimed at increasing the 'consciousness' of labour in terms of their rights and role in the national economy. The Second Plan focussed on positive mechanisms, rather than legal sanctions to resolve conflict. The Third Plan continued on the same trend. Some of the benefits to labour were:

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[9] Mukerjee, R. K. (Ed.) *Labour and Planning*, Bombay, Allied Publications, 1964.

[10] Council of Indian Employers, Memorandum on Labour Policy, in the *Fourth Five-Year Plan*, New Delhi, Caxton Press, 1965.

1. the appointment of a Bonus Commission (to streamline and remove adhocism in the matter),
2. amendment of the ID Act to encourage voluntary arbitration,
3. recognition of unions under the Code of Discipline,
4. setting up of wage boards,
5. enhancement of the rate of PF contribution, and
6. abolition of contract labour.

Representing a vast segment of organized industry they felt many of their concerns were not taken into account in the recommendations of the Planning Commission. They cited the following:

1. linking increased wages to productivity,
2. adherence to the Code of Discipline to avoid inter-union rivalry and maintain discipline on the shop floor,
3. formulating 'norms' as suggested by judicial officers for the guidance of conciliation officers, have not been implemented.

They further felt that conflicts should be resolved through direct negotiation, conciliation or even arbitration, failing which adjudication should be resorted to. Therefore, different groups have different viewpoints regarding the successful implementation of the Plans' guidelines for action.

Notes on the Five-Year Plans

1. The years covered be the successive plans are as follows:

	Financial year April-March
First Plan	1951–52 to 1955–56
Second Plan	1956–57 to 1960–61
Third Plan	1961–62 to 1965–66
Three Annual Plan	1966–67 to 1968–69
Fourth Plan	1969–70 to 1973–74
Fifth Plan	1974–75 to 1978–79 (Terminated in 1977–78)
Sixth Plan	1980–81 to 1984–85

2. The Fifth Plan was terminated in 1977–78, a year before its original run (1978–79).
3. The Draft Sixth Five Year Plan, 1978–83 (revised), was replaced by the Sixth Five-Year Plan, 1980–85.

Source: *Statistical Outline of India*, 1982, Bombay, Tata Services Limited, Department of Economics and Statistics, 1982.

Certainly, the Plans reflect the government's policies towards labour and management, i.e. their approach to the industrial relations issues.

It is apparent that the expectations of different groups like employers, unions and workmen are at times divergent. The Plans try to balance these divergences with the demands for growth and economic development of the country as a whole. Therefore certain priorities are assigned which may not appeal to the several interested groups.

16

Worker Development

An area, that is gaining importance in western countries, and now in India, is that of worker development as a part of a more integrated human resource management. The objective of this approach is to maximise individual effectiveness and increase organizational productivity. Human resources development (HRD) approach considers the personnel function, the organization, and the individual in an integrated manner. Mills[1] describes HRD approach as that process which is concerned with the organizing (or reorganizing,) designing (or redesigning) and structuring (or restructuring) of line functions and the people and machines performing them.

The HRD approach has two broad foci. It is concerned with the development of both managerial personnel and operatives (workers), in this section, the focus is on workers and their development.

One of the factors which led to the emergence of HRD approach is the recognition of the importance of human resources in the production process of an organization man is no longer considered a machine.

Manifestations of discontent (Table 16.1) are analysed and used as indicators for action. Again the fundamental approach to a job has to change —from that of a mere appendage to the production process to that of one where one's abilities, experiences and knowledge are utilzied.

A Job must be so Designed that the Worker

1. experiences variety in the task to avoid boredom,

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[1] Mills, T., "Human Resources—Why the New Concern", *Harvard Business Review*, 53(2), March-April, 1975, p. 125.

TABLE 16.1 Indicators of Job Dissatisfaction

Labour turnover
Absenteeism
Loitering and idling
Seeking a transfer
Low morale
Frustration
Frequent machine down time
Higher error rate than anticipated
Frequent disappearance of tools etc.
Undue interest in complaints about salary and opportunities for career development

2. is given responsibilities to suit his abilities,
3. has an opportunity to display his skills,
4. gets a chance to develop a sense of accomplishment and self-growth,
5. has an opportunity to control the work,
6. is able to participate in problem solving and decision making,
7. has an opportunity to learn new skills and to grow and develop within the organization.

HRD as a System

HRD is usually conducted in large organizations. Some of the major setups where HRD is being conducted are industry and government in the USA. Human resources development can be effective under the following conditions.[2] Firstly, when a new concept of people, based on understanding of their complex and shifting needs, is developed. Secondly, when a new concept of power, based on collaboration, codetermination (participative management for example) is accepted by the management. Thirdly, when a new concept of organizational values based on humanistic and democratic ideals, is assimilated into the organization's functioning. The ultimate aim of HRDs, that is, improving the quality of life, is achieved when HRD activities are based on these assumptions.

Lippitt has developed a model which consists of the elements of a HRD system (Fig. 16.1). They are: (i) the work itself which generates a higher degree of responsibility for the work force; (ii) the individual who grows personally and professionally; (iii) the work output of improved quality resulting from increased responsibilities; (iv) organizational functions and structures built in an open system (concern for both individual and organizational development). Thus the components or elements of HRDs are the individual growth, the organizational development and the work output.

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[2] Lippitt, G. L., "Quality of Work Life: Organizational Renewal in Action", *Training Development Journal*, 32(7), July, 1978, pp. 4–11.

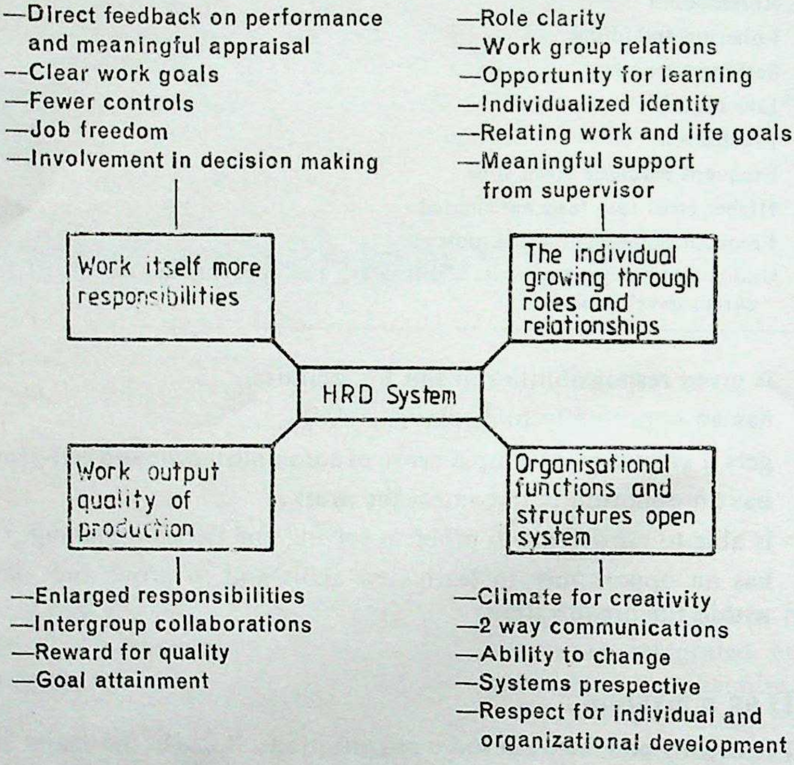
—Direct feedback on performance and meaningful appraisal
—Clear work goals
—Fewer controls
—Job freedom
—Involvement in decision making
—Role clarity
—Work group relations
—Opportunity for learning
—Individualized identity
—Relating work and life goals
—Meaningful support from supervisor
Work itself more responsibilities
The individual growing through roles and relationships
HRD System
Work output quality of production
Organisational functions and structures open system
—Enlarged responsibilities
—Intergroup collaborations
—Reward for quality
—Goal attainment
—Climate for creativity
—2 way communications
—Ability to change
—Systems prespective
—Respect for individual and organizational development

Fig. 16.1 Elements of HRD systems

Source: Lippitt, G. L. "Quality of Work Life: Organization Renewal in Action," *Training and Development Journal*, 32(7), July 1978, pp. 4–11.

1. The Individual

Human resources development system in any organization focusses on the individual and his growth. Its aim is to develop human resources to their highest potential so that organizational goals are achieved. Human growth occurs through learning newer and newer responses to deal with problems that are encountered in one's own environment. Learning is retained when one becomes aware of the results achieved. The implication for the organization is that if individual growth is its aim, people need two things: new challenges and knowledge of results of their achievement.

Studies have shown that work and career are not as central as was once the case. Young people entering organizations are more concerned with a balanced life in which work, family and self-development play equal roles.[3]

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[3] Van Maanen, J., *Organizational Careers: Some New Perspective*, London, Wiley, 1977.

Thus the implication for the organization to meet such a situation is to create opportunities for individuals to relate work and life goals. Because a satisfied workforce is an important determinant in increasing organizational effectiveness.

2. Organizational Development

Organizational growth and development also take place through learning ways to cope with its environment. To begin with, it has many inputs—men, machines, money and materials, which are converted to outputs through the transformation process. All the inputs mentioned, if properly managed, lead to organizational growth.

Once these two are identified, an ideal HRD system would seek to match the organization's needs with the individual's needs for individual and organizational growth by activities like business planning, role planning, manpower planning and job analysis, recruitment and selection, induction and job/work design. The first three activities will enable organizations to identify their needs in human resources area. The last four ensure that the organization's work is performed. Coordination between the two types of activities lead to personal growth and organizational development.[4]

3. Work and Work Output

Work and work output are the third and fourth components of an HRD system. Work here refers to the setting up of work goals, activities geared towards attainment of these goals, feedback on performance, appraisal of work performance (which plays a developmental role rather than evaluative role in HRDs), involvement in decision making processes, work and quality of work life (quality of work life is discussed in detail under the heading "HRD as a Function"). Work output refers to enlarged responsibilities, productivity improvement rewards for productivity improvement and goal attainment.

Thus HRD as a system means a system composed of many sub-systems which are interdependent. The goal of HRDs is development of human resources. The quality of outputs of an organization depends on the type of human resources and the opportunities that are offered for their maximum development.

HRD: A Function

HRD can be considered as a process consisting of many activities which aim at developing an organization's greatest asset—human resources. HRD as a function is defined by Nadler as consisting of a series of organized activities, conducted within a specified time and designed to produce behavioural change.[5] The activities are organized in the sense that objectives are laid down, a process of learning takes place and finally an evaluation of the activity is provided. Another characteristic of these organized activities is that a provision is made for individualised learning in addition to group learning. The second part of the definition refers to the time perspective, the time at which the activities are conducted, the time at which assessment and review of the organized learning experiences is made. When there are realistic time blocks it affords the opportunity for providing recognition and reinforcement. The third element of the definition is the result of HRD experience, i.e. behavioural change. The aim of HRD activities is to bring about change. The type of behavioural change depends on the area about which the HRD specialist and the person undergoing the experience agree.

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[4] Schein, E. H., *Sloan Management Review*, Massachusetts Institute of Technology, Fall 1977, Vol. 19, November I.

In developing individuals, there is a short-run objective and a long-run objective. In the short-run the focus is on the satisfactory performance of a given role to meet the role design requirements. Inputs like training may thus be useful in enhancing role effectiveness. The long-term strategy in terms of individual development is to identify the individual potential, based on his knowledge, skills, attitudes and aptitudes, and to build on them with the aid of a variety of inputs like training, job rotation, education, field/office and service/line roles. Such a strategy is built around (i) preparation of an employee for future advancement and promotion; (ii) enabling the employee to meet the further organizational role demands, arising out of both technological and environmental changes.

The integration of training and development strategies, hitherto a neglected aspect, involves both individual and organizational needs. The accent hitherto was in the main on organizational needs. This change necessitates considerable planning, particularly by the line supervisor and the service department, i.e. personnel, and requires other departments to identify both long-term organizational growth prospects and individual strengths/weaknesses and aspirations. Such a process also has the salutory effect of boosting employee morale by identifying and helping him to meet future organizational challenges.

HRD as a function consists of activities like training, education, development, performance appraisal and so on. The difference lies in the fact that all the activities are inter-related and the focus of HRD function in an organization is on people and their problems. HRD is an integrating system where the various personnel subfunctions, and organizational activities are all linked together.

Another difference between the personnel function and HRD function is that the former is the exclusive responsibility of the personnel department, whereas the latter is the concern of all managers in the organization.

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[5] Nadler, L. *Developing Human Resources*, Houston, Gulf Publishing Co., 1970.

Worker Developments Experiments in Indian Organizations

In India, interest in adopting HRD approach dates back to April 1970 when the Indian Society for Training and Development (ISTD) was formed (initially) to improve skills and standards of all managers. However, the experiments that have developed from this were extended to workers also, for instance, the Steel Authority of India Ltd, BHEL and TISCO adopted HRD experiments for workers. Subsequently some other organizations such as MICO and Indian Telephone Industries also adopted HRD systems. BHEL, one of the largest public sector undertakings employing more than 45,000 people, has taken the lead by having a training course in 1971 in the skills of leadership for junior executives and first line supervisors. Similarly, SAIL, TISCO and Bharat Coking Coal Ltd. adopted HRD experiments.[6] SAIL is significant in the sense that its experiments included workers also. The objectives of the experiments conducted by SAIL were (i) to encourage workers to grow to their fullest potential; (ii) to provide equal opportunities in the organization. Bharat Coking Coal Ltd. experiments tried to solve problems of role conflicts, low morale and poor communication among employees. The approach adopted by TISCO was different in the sense that it was action-oriented. A participant after attending a training course is supposed to take up a project in his division (department) and give recommendations regarding problems identified by him.

Quality Circle—A Tool for Worker Development

Quality circle is another tool which is being adopted by industries in Japan, the USA and now India, to increase the per-capita productivity and make for better quality and human relations in any work environment. A quality circle is made up of a small group of people belonging to the same department of an organization, who after receiving training take up solving quality and productivity problems of their units. "In Japan, a QC is a group of about ten employees within a single company department. They have undergone training in problem solving and spend part of their time (about an hour each week) studying and solving job-related problems".[7] Once a solution has been reached by the circle, it is put before the management who, after receiving it decides to accept or reject it. The decision to accept/reject is later on communicated to the circle. The problem solving process of a QC is depicted in Fig. 16.2

The goal of QC is not only to improve productivity but also let the worker see what he is doing as self-fulfilling and involving him in the work system.

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[6] Philip, J., "HRD in India: Experiments and Experiences, *Indian Journal of Training and Development*, January-March, 1980, X(1), pp. 1–7.

[7] Juran, J. M., "Product Quality—A prescription for the West," *Quality*, April 1982.

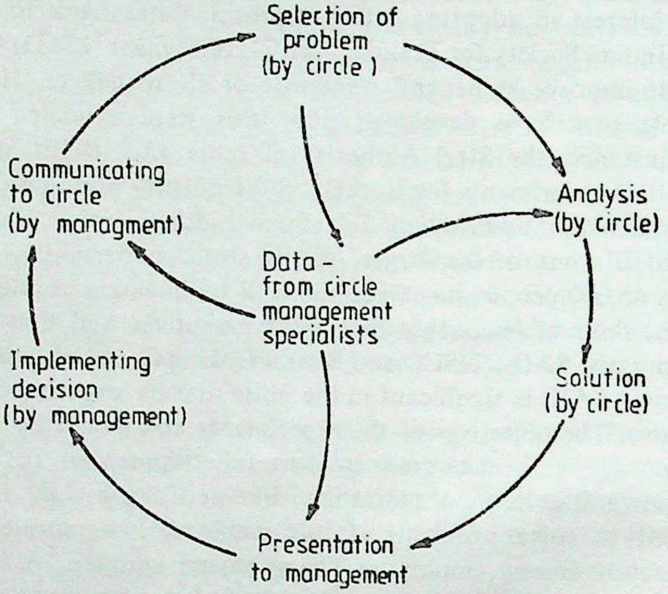
Selection of problem (by circle)
Analysis (by circle)
Solution (by circle)
Presentation to management
Implementing decision (by management)
Communicating to circle (by managment)
Data - from circle management specialists

Fig. 16.2 Problem Solving Cycle of a Quality Circle (QC)

Some of the prerequisites for successful operation of a QC in an organization are:

1. The members of the QC must have prior training in basic techniques of problem analysis and leadership.
2. Top management support and its attitude.
3. Actual implementation to be preceded by a carefully developed plan to ensure maximum possible returns (Fig. 16.3 and 16.4).

Some of the criteria to measure the success of a quality circle experiment are improvement of quality, saving of costs and attitudinal change among the employees towards work.

QC's are not meant to displace the regular quality control department—in fact it plays a supportive role and as seen earlier has a wider framework of involvement.

Some other constraints to effective utilisation of QC's as identified by Kelin are current organizational practices—rules, regulations and culture, history of past and present industrial relations situation and finally the general economic environment (a boom period may necessitate the need for QC's). A major pre-planning effort in terms of communicating the QC philosophy and the action plans amongst managers, supervisors and workers has to be undertaken. The wider the area of participation amongst the three segments, the greater the chances of success. Other important success inputs are regular follow up on the QC projects by constant appraisal and

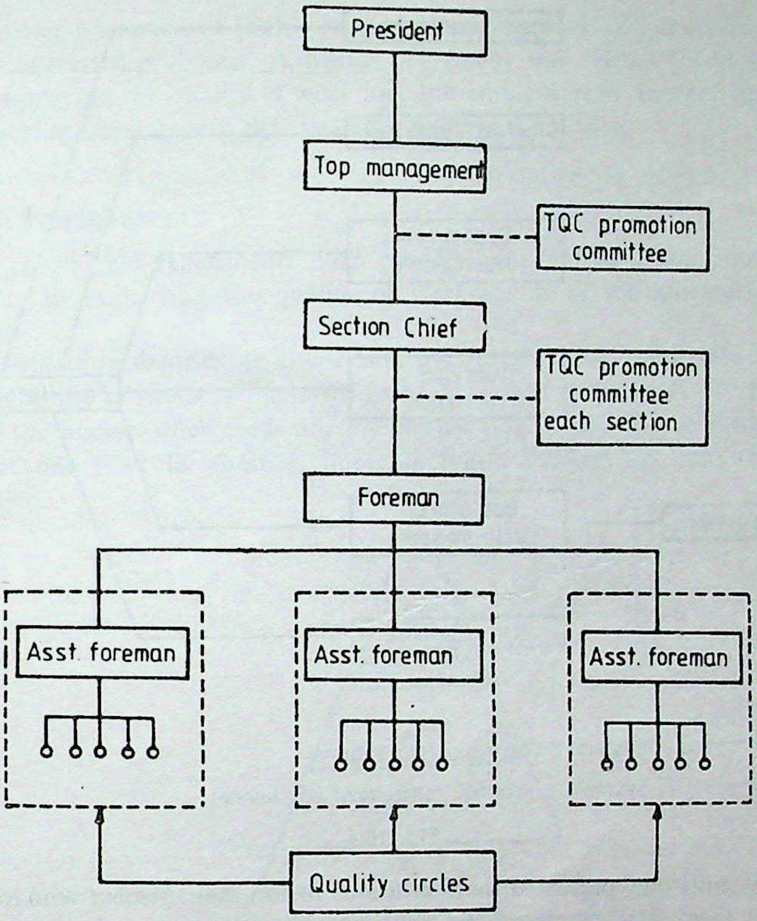
President
Top management
TQC promotion committee
Section Chief
TQC promotion committee each section
Foreman
Asst. foreman
Asst. foreman
Asst. foreman
Quality circles

Fig. 16.3

recognition (in both monetary and non-monetary form) for work done, whether implemented or not implemented.

Quality Circle Movement in India

The concept of QCs is being popularised by two organizations—the Indian Association for Quality and Reliability and the Quality Circle Forum of India with headquarters at Hyderabad.

BHEL, a public sector undertaking, has been a pioneer to introduce this concept, it launched it in its Hyderabad unit. To begin with it was introduced in three departments to gauge workers' reactions to it. In 1981 (January) Quality Circles were formed which consisted of facilitators and worker leaders. (A facilitator is a person responsible for coordinating and directing the activities of circle.)

The identification of the problems in their respective areas was the first step of their circle activities After that they solved the problems. After

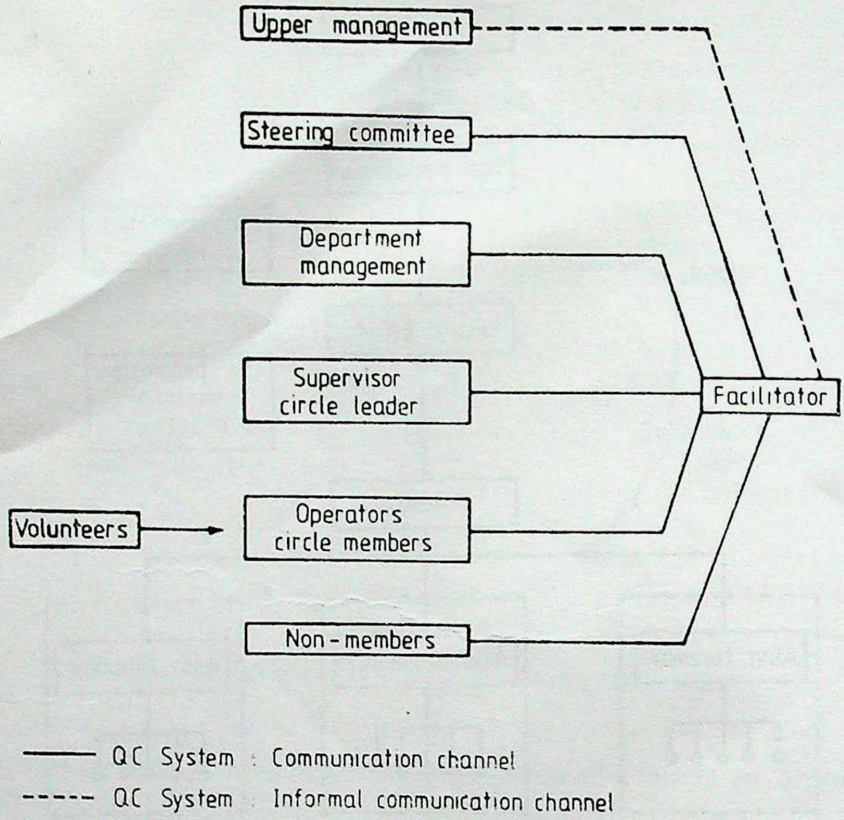
Upper management
Steering committee
Department management
Supervisor circle leader
Volunteers
Operators circle members
Non-members
Facilitator
QC System : Communication channel
QC System : Informal communication channel

Fig. 16.4

three months they presented their solutions to top management who implemented them later. Some of the problems identified and solved by these QC's were wastage of time due to unplanned loading, non-availability of proper tools, use of safety devices, etc.

With the success of this initial attempt, these were introduced in other areas and now there are 33 QCs in BHEL. BHEL has implemented the scheme without monetary benefits and yet the results of worker motivation and involvement have been consistently high.

QCs have also been implemented in Jyoti Ltd, Shriram Fibres and Telco.

The success of the QC movement can only be judged when it is adopted by a variety of organizations and the reactions of the trade union leaders/ workers. Pennathur is sceptical when he says that it is highly unlikely that this QC concept can survive because it is based on labour-management cooperation, and the labour's current indiscipline and trade union's inability to take a long-range view are possible deterrents[8]. On the other hand, executives of Shriram fibres and Jyoti Ltd are more optimistic, given their positive reactions in the recent past.

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[8] Pennathur, K., "The Quality Circle Movement," *Business World*, Aug. 30—Sept. 12, 1982, p. 23.

Earlier we discussed (Table 16.1) several indications of job dissatisfaction and its related problems. A whole movement was started to do research in improving the quality of work life. Job enrichment is another approach of worker development that has been experimented with.

Job Enrichment

Job enrichment experiments have broadly been centred around the philosophy of improving the quality of working life or the humanisation of work.

Motivation theories as enunciated by Maslow have taken into account a hierarchy of needs of the individual.[9] The lower order needs are physical and the higher order needs are intellectual (Fig. 16.5). The progression is from one level to another, implying that a lower order need has to be satisfied first before the individual can think of the one at the higher level. The needs in order of importance are:

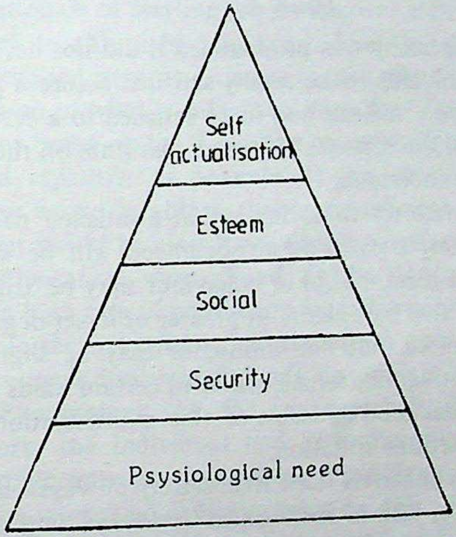

Fig. 16.5 Maslow's Hierarchy of Needs

—Physiological needs
—Safety needs
—Social needs
—Esteem needs
—Self-actualisation needs

Physiological Needs. These are the physical prerequisites for survival such as hunger and thirst.

Safety. These centre around the security that an individual seeks in

[9] Maslow. A., "A Theory of Human Motivation", *Psychological Review*, March–April 1943, pp. 370–396.

terms of having a permanent job and protection from the physical environment.

Social Needs. This is the need which centres around the affiliation to a social group either within the work place or outside. A man needs to interact socially and belong to a group which will give him such support.

Esteem Needs. The need to bolster one's worth, one's confidence, and one's knowledge achievements which are recognised as something worthwhile and of significance. Such recognition adds to one's personal sense of worth.

Self-Actualisation. The need to pursue in an unfettered manner an interest of one's choice, which will lead to fulfilment if achieved. A teacher may want to pursue an area of research interest, which may take time but is thwarted from doing so, by the organization's administrative demands. A worker may achieve self-actualisation by becoming a highly skilled technician.

While a need hierarchy was propounded it did not necessarily mean that a lower order need had to be totally satisfied before a person could even think of the next one. A need had to be satisfied to a certain extent, before the next need manifested itself. The exact quantum on the continuum varies from individual to individual.

One more postulate worth noting is that a satisfied need is not a motivator any more. Only a partially satisfied need will be a motivator. Again it is possible that a certain kind of behaviour may be triggered by a combination of all the five motivators in greater or lesser degree. So to a certain extent it may be stated that one motivator may be slightly stronger than the other four. Motivations which result in certain kinds of behaviour have therefore to be understood in terms of this manifestation by an employer in an industrial relations situation.

Deprivation may manifest itself in a variety of ways—anger, resentment, frustration, violence, lack of enthusiasm to work, idling, and absenteeism.

Herzberg, who also made a significant contribution in terms of explaining human motivation, spoke of two areas—motivators and hygiene[10]. Motivators are factors that are 'intrinsic' to the job itself, i.e. the kind of work, recognition and opportunity for growth and advancement. The factors that would lead to dissatisfaction are hygiene factors—company policies, supervision, working conditions, salary and status. In other words, the absence of hygiene will not foster the increase of motivation but its presence will help.

McGregor postulated another approach, a style of management to increase motivation. His approach was an employee-or-person-centred approach. This called for looking at the drives and attitudes of an individual from a different perspective than was traditionally done. The human being was to be treated as a reasonable person with a sense of responsibility. In

[10] Herzberg, F., "One more time: How do You Motivate Employees", *Harvard Business Bulletin*, 46(1), Jan.-Feb. 1968.

addition conducive working conditions and facilitative supervision would help make the individual feel more responsible. On the other hand, man is viewed as a person who has to be driven by his supervisor to extract any work. Theory 'X' viewed man as one who resented work and was not involved in his work environment. Therefore, the job had to be broken down into simple minute fragments and tight supervision was necessary to ensure attainment of pre-set targets. Theory 'X' connotated the directive philosophy of man, whereas theory 'Y' viewed man as a more responsible person, who needed a facilitative work environment to achieve the task that was set for him. Traditionally the concept has been to design jobs in minute details, issue memos on how the job is to be done and to follow it up with controls. This concept has been increasingly questioned since if the job is dull, repetitive, monotonous and meaningless it breeds counter pressures in the individual who resents it. This resentment is manifested in a variety of ways as indicated earlier.

This then was the rationale of starting job enrichment experiments.

Much research work in this field has been done in the automobile industry. The automobile industry was, and is to a large extent, based on the principle of perfection of what is called the 'flow line technology'. The flow line technology was based on the Taylorian concept which was to make the job as simple and repetitive as possible. If the job was simple and repetitive then a worker would be able to become proficient fairly quickly and therefore his output would be high. To maintain a high output financial rewards in the form of incentives were offered. So the financial motivation to induce and sustain a high rate of production was also provided for. With the qualitative change in the work force, and their fresh approach to work and its meaning, resentment increasingly built up against the Taylorian approach to work. The technology, i.e. the conveyer belt, determined the speed or place of work, the individual had little discretion or control. Secondly, the same, simple activity was repeated throughout the day, with no variety, and gave the worker no choice in what he did.

Job enrichment schemes provided increased 'content' and 'discretion' in the jobs to the operator on the one hand and on the other the hygiene factors were improved. Efforts were made to reduce noise, pollution and to make the work place more congenial. Let us look at one or two experiments to illustrate these concepts.

Volvo Experiments

One of the pioneering efforts at job redesign and job enrichment was the work done at Volvo. Some of the problems were; an absenteeism rate of 12–15% and a high turnover rate. This meant uncertainty in terms of manpower availability to man the assembly line, labour shortage and constant need to train new workers to man their jobs. Steps had therefore to be taken to retain personnel and reduce the rate of absenteeism. One of the factors that was brought to light by a team of investigators studying the problem was the demeaning status and content of the assembly line job. Workers, it was found, were in quest of nonrepetitive and varied kinds of jobs. The tight labour market situation was also a factor that was considered in evolving schemes for the retention of the existing work force. The rationale for change in the design of the production process and work organization was built around four areas.

1. The current personnel problems as detailed above.
2. The more efficient use and adaptation of the motivation theory.
3. The recognition of structural changes in the social composition of the work force, i.e. younger workers with better education and a different set of expectations from their jobs as compared to their parents etc.
4. Following from the points detailed above was the need or the utility of worker participation and the need to bring about qualitative changes in the way the work activity was designed—in other words, a reappraisal of the existing notion of work ethics.

Keeping these objectives in view a new plant was set up at Kalmar in Sweden. The design of this plant was very different from the traditional automobile factories. Several bays were built to give a sense of independence to distinct work groups. Facilities like saunas and well equipped rest rooms were provided, with considerable stress on the environment, both in terms of landscaping and production related in terms of reduction of noise, pollution, quieter tools etc.

Work groups were created and were made responsible for sub-assemblies of the auto. For instance, transmission and so on. Each group had a fixed target to be produced. A remarkable technological feat, a 'carrier' was invented, which would carry the components or sub-assemblies of the auto under production. Each sub-group would contribute their sub-product speciality to the auto on the carrier.

The speed of the carrier was flexible and it was computer-controlled, thus allowing it to be manipulated to suit several needs and also to take into account the inputs of the various sub-groups. This was a radical departure from the earlier assembly line technology where the speed was predetermined.

Within these parameters the work groups were sought to be built as homogeneous socio-technical systems. Workers were not islands at the workplace. They interacted with their colleagues and helped stand in for a colleague who had to do some pressing work at any particular point in time. With regard to their work itself, a worker now had variety in his job—he was taught multiple skills, so that he could switch around jobs within the sub-group voluntarily or stand in as a replacement. Again, the variety coupled with the fact that they were working on a larger or a more fuller sub-assembly gave them some product identity; the result of their efforts was something tangible, rather than merely being a cog in the assembly line. There was thus a sense of achievement.

The work group also had a flexible working time. They could build up inventories and feed the carrier, and relax a bit or take time off to attend to other activities. Therefore, both 'content' was increased and 'discretion' was built into their jobs.

Figure 16.6 indicates the improvement in the quality of the output on the production line after the introduction of the job enrichment scheme. Figure 16.7 indicates the drop in absenteeism rates and an improvement in the quality of the product with enhanced productivity.

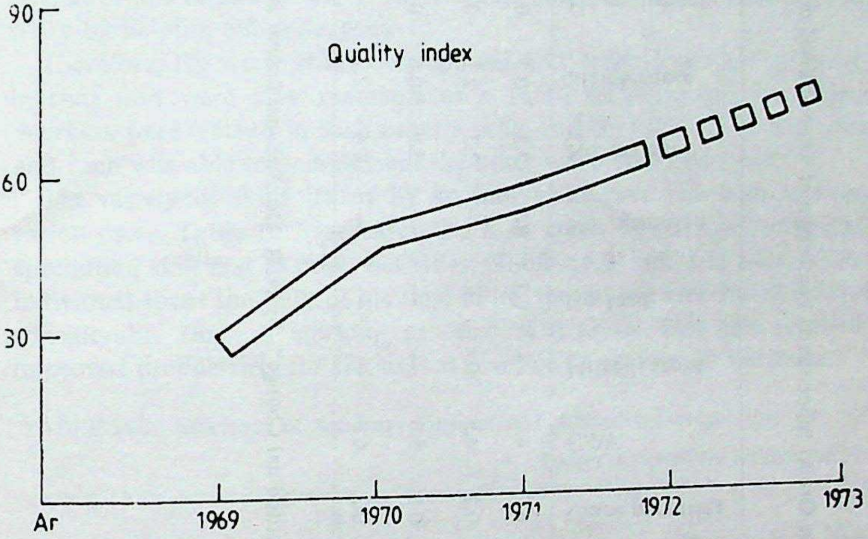

Fig. 16.6 Ab volvo: Lundby truck production plant

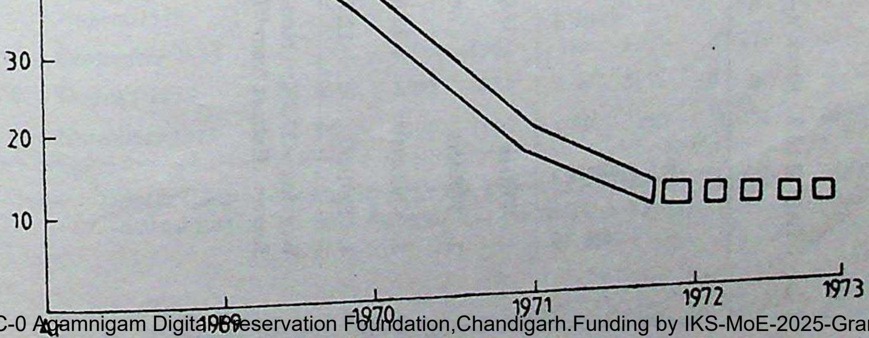

Fig. 16.7 Ab volvo: Lundby truck production plant

TABLE 16.2 Block V—Auxiliary Equipment Fabrication Group (upper part) Percentage of Time Utilised on Various Activities

Period November 1975

Sl. No.	Category	Fitting	Welding	Gas cutting	Grind putting	Higging	Crane operating	USW	Miscellaneous	No. load	No. operation	No. material	Maintenance	No. document	No. crane	No. power	Misc. personnel	Total idle time
1.	Fitters	38.9	15.5	9.1	4.2	1.7	4.2	4.2	—	0.1	0.1	3.3	0.3	0.1	0.6	0.6	17.1	22.2
2.	Welders	17.4	39.5	9.3	2.8	2.1	0.2	4.8	0.4	—	—	3.3	2.1	0.4	0.1	1.0	13.6	23.5
3.	Gas cutter	13.6	12.1	43.5	1.2	1.2	0.3	5.0	—	—	—	3.9	0.6	0.3	—	5.3	13.0	23.1
4.	Fettler	12.7	10.3	2.7	46.2	0.7	0.3	6.8	—	—	—	2.4	2.7	—	—	2.1	15.1	20.3

Working =77.3%; Non-working =22.7%.

Source: Extract from "Training Strategy for Required Attitudinal Change" by N. R. De, *National Labour Bulletin*, 2(1), Jan. 1976, pp. 13–28.

Job Enrichmented

Dynamo Corporation

The other experiment was the work done by an organization called Dynamo Corporation.[11] It was a large public sector company in the engineering industry. The fabrication shop had a variety of skilled operators. In the pre-experiment situation, each performed his independent activity and was idle for the rest of the time. In a highly interdependent activity absence or slow output of one affects others. This idle time could be used to bolster productivity by helping out colleagues.

Therefore, the work group concept was first created so that all workers in that unit were now members of a small homogeneous work group. Workers were trained in each other's skills and therefore there was variety and each was able to complement the other when the need arose.

The variety of skills learnt by an individual gave him a greater motivation drive. Table 16.2 indicates the time spent by each operator in his specialised skill and in other activities. Table 16.3 indicates that while an individual spent the bulk of his time in his specialised area he also devoted considerable time in working in other skill areas. This also resulted in improved productivity for the unit as a whole as column 10 indicates.

TABLE 16.3 Efficiency of Auxiliary Equipment Fabrication Group

Target achieved (in number of hours)

Sl. No.	Month and year	Block number	Clocked time actual man hours	Target act (norm hours)	Direct work	Indirect work	Total	Fulfilment of target	Overall efficiency against clocked time
1.	April 1975	V	2700	600	400	100	500	83.3%	18.6%
2.	May 1975	V	3000	900	642	150	802	89.1%	26.8%
3.	June 1975	V	3500	1500	1128	282	1410	94.0%	40.3%
4.	July 1975 August 1975	V	7424	3200	2299	575	2874	89.8%	38.7%
5.	September 1975	V	4308	1700	1502	375	1877	88.2%	43.6%
6.	October 1975	V	3648	2000	1710	428	2138	85.5%	58.5%
7.	November 1975	V	3528	2000	1805	451	2256	90.2%	63.9%

Source: Extract from "Training Strategy for Required Attitudinal Change", by R. De, *National Labour Institute Bulletin*, 2(1) Jan. 1976, p 13-28.

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[11] De, R., "Training Strategy for Required Attitudinal Change", *National Labour Bulletin*, 2(1), Jan. 1976, pp. 13-28.

Conclusion

The expectations of the workers from the work environment are changing. This is due to many factors such as changing levels of education and aspirations, shifts and values, alienation and militancy among workers. Though economic factors are still one of the major issues for the workers, the new worker wants opportunities to meet higher motivational needs through his job.

As a response to this mood of workers and a fall in productivity in Western countries (particularly in the USA) many experiments have been attempted to bring out the greatest potential of workers by involving them in decisions affecting their work lines.

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Appendices

Appendix I

Recommendations of the National Commission on Labour, 1969

The main recommendations of the National Commission on Labour have been listed separately for easy reference and understanding. In recent times this report was a major comprehensive review of the Indian industrial relations scene. The detailed analysis on the basis of a very broad-based and relevant sample provides excellent insights into the problems and issues of the Indian industrial relations scene.

The National Commission on Labour was appointed by the Government of India on the 24th December, 1966 with the following objectives:

—To review and report on the conditions of labour since 1947.

—To review and assess the working of labour legislation and evaluate the extent to which they incorporate the Directive Principles of State Policy of the Constitution.

—To study and review wages, wage legislation, and ways to increase productivity, labour welfare facilities available and their administration, social security schemes, the relations between labour and management and the working of trade unions and employers' organizations and their relationship and to recommend measures for improving the working conditions of rural labour.

—Finally to make recommendations on the above matters.

The Chairman of the Commission was Dr. Gajendragadkar and the Commission, in addition, consisted of 12 members and a member-secretary. We shall review in brief the various recommendations.

One of the major recommendations of the NCL was the setting up of a permanent body, the Industrial Relations Commission at the National and

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[1] Government of India, Ministry of Labour, Employment and Rehabilitation, *Report of the National Commission on Labour, 1969.*

State levels in (NIRC/SIRC) in place of industrial tribunals to deal with disputes between labour and management. The other important functions of the IRC's were adjudication and conciliation of industrial disputes and certification of representative unions.

The NCL recommended the setting up of the Standing Labour Courts (SCL) at the Centre and in each State to deal with disputes relating to 'rights and obligations, interpretation and implementation of awards', and with disputes regarding unfair labour practices.

Another recommendation was in respect of recognition of a representative union by an employer, and dealing with it as the sole bargaining agent on behalf of the employees. This choice of method by which the representativeness of the union could be determined was also considered. Since different central federations of workers favour different methods no single solution was recommended. For instance, the INTUC view was that verification of the union's registers would be a way of determining the representative character. On the other hand, AITUC, HMS and CITU urged that election by secret ballot was the only democratic way to determine the union's representative character. Therefore, the NCL recommended that the proposed NIRC/SIRC should be left with the responsibility of deciding which method is to be adopted for recognition in any given case, after assessing factors like strength of competing unions, the percentage of total employees to that of unionised employees, and so on.

A concern was expressed in relation to the problem of 'sons of the soil' theory. "A solution to this problem has to be sought in terms of the primacy of common citizenship, geographic mobility and economic feasibility of locating industrial units on the one hand and local aspirations on the other."

With regard to recruitment or selection practices the NCL feels that the National Employment Service (NES) has been playing a useful role. Its service should be extended to all towns with a labour force of 10,000 and more and its services should be free. This is to be done through the employment exchanges created by the Employment Exchanges (Compulsory Notification of Vacancies) Act, 1959. The data from the employment exchanges would give the government an idea of the labour market in the country.

The responsibility for the training of workers should be that of the 'industry' with the states supplementing the employers' activities. There should be uniformity in the minimum qualifications required for new entrants and uniform vocational standards of training in all states. Facilities should be provided to the workers for retraining, in the event of introduction of new machines in the undertaking, i.e. technological change.

There should be a promotion policy which should be evolved in consultation with the recognised union, the basis of which should be decided according to the occupational levels of an industrial undertaking. The NCL suggests that the government should undertake adult literacy programme as a supplement to the Central Board of Workers' Education (CBWE) programme and recommended that the programme be formulated and implemented by trade unions.

In matters relating to working conditions the NCL recommended effective enforcement of the statutory provisions with regard to safety, increasing the frequency of inspection of factories, reducing the number of working hours, in line with the ILO recommendation in a phased manner from 45 to 40 hours. This reduction could be started, when the government thought that the country had attained a satisfactory level of economic activity and productivity to justify reduction of working hours.

The NCL reviewed the report of the Committee on Labour Welfare (CLW) and gave their recommendations for four sectors of employment (factories, mines, ports and docks, and transport undertakings). Contract labour were also to be covered by the welfare schemes meant for direct workers. Implementation of the welfare scheme was to be ensured through better inspection by the government inspectors and the involvement of the recognised trade unions.

In factories and mines, the statutory limit for the provision of creche and canteens was recommended to be brought down from 50 women workers for creches, and from 250 to 200 for canteens. The NCL recommended that noncompliance of the statutory welfare provisions should attract penalties.

The NCL recommended schemes for promotion of family planning. starting of fair price shops, statutory labour welfare boards and housing for industrial workers by the government in collaboration with the employers.

As far as social security measures are concerned, the NCL recommended a central fund for maternity benefit, implementation of the ESIC Review Committee's recommendations on the ESIS scheme, extension of Employees' Provident Fund Act to establishments employing between 10–20 persons and increase in the contribution towards PF from 6¼% to 8%. A major recommendation of the NCL was the need to evolve an integrated social security scheme.

In respect of wages, the NCL made a factual review of the wages of workers in various sectors of employment and recommended a periodic wage census, and for standardisation of occupation nomenclature, a reduction of wage differentials. Though a gain was noted in money wages it was not associated with a rise in real wages, and it was felt that wage changes beyond a certain level should be linked with improvements in productivity.

The NCL also recommended wage revision under the provisions of the Minimum Wages Act at least once in 3 years. It was felt that it was more feasible to fix regional minimum wage instead of a national minimum wage. A need-based minimum wage was to be worked out and introduced in a phased manner, taking into account the capacity of the employer to pay. A periodic adjustment of wages to offset the cost of living was suggested. The rate of neutralisation was to be 95% for those drawing the minimum wage in non-scheduled employment. The NCL suggested the merger of DA with the basic wage at the base year of the revised series of working class consumer index to be based on the proposed family living surveys of 1969–70.

The NCL also recommended the application of incentive schemes to be limited to those industries where output of workers can be measured and also where the quality of production can be controlled. It also suggested the need for a statutory bonus formula for bonus settlements.

In matters of wage fixation, it recommended the continuation of the committee method of fixation of minimum wages for 'sweated' industries and wage boards for the organized sector.

The malpractices in the payment of wages, particularly in small establishments, mines and plantations, was to be checked.

The NCL paid considerable attention to the role of the State in Industrial Relations. In a federal set up it suggested that the several State Governments should be involved in labour policy formulation, particularly since labour is a subject in the Concurrent List.

The NCL recommended that the government's influence on tripartite consultation be restricted and that tripartite decisions should be taken on the lines of procedures followed by the ILO.

In order to bring about uniformity of definitions, simplification of the existing framework of labour laws was suggested. The definition of industry under the ID Act, 1947 was recommended to be enlarged in its scope in a phased manner to cover more occupations and the "definition of workmen should be based on functional and remuneration criteria". This is discussed further.

All the employees of an undertaking do not come under the category of workmen. Managerial and administrative personnel are excluded irrespective of their salary. The NCL recommends that supervisory and other personnel whose salary exceeds a specific limit should also be excluded and it suggests the limit to be raised from the present limit which is Rs. 500 per month. By raising the wage ceiling the categories covered under the term 'workmen' would now be redefined and thus the anomaly of very highly paid employees resorting to industrial action under the provisions of the ID Act, 1947 would be corrected.

The NCL recommended the speedy enactment of the Industrial Disputes (Amendment) Bill, 1966, which sought to minimise delays in respect of termination cases referred for adjudication.

The continuation of works/joint committees and joint management councils only in units which have a recognised union and a clear demarcation of functions of these bodies was also recommended.

The Grievance Procedure (GP), it felt, should be made simple and a formal GP should be introduced in units employing 100 or more workers. A model grievance procedure was suggested.

It recommended the recognition of a union as a sole bargaining agent by statute, building up of internal leadership, encouragement of use of collective bargaining as the main method of settling disputes.

It thought that the registration of both workers' and employers' organizations should be made compulsory. It also suggested that the scope of the functions of employers' organizations should be widened to include things such as promotion of collective bargaining, speedy implementation of wage awards, and employers' education for the betterment of labour-management relations.

NCL also made recommendations regarding workers in various sectors such as the public sector, government undertakings, agricultural sector and in the unorganized sector.

The NCL recommended the setting up of a pay commission to review the wages and other conditions of service of employees of government undertakings and for agricultural labourers. The NCL emphasised the need for labour intensive schemes, for enlarging non-farm rural employment to relieve agricultural underemployment and to improve the conditions of small cultivators, and periodic revision of wages in the agriculture sector. A major recommendation was the need for setting up of a coordinating agency at the Centre and State level to coordinate the activities listed above.

The recommendation for labour in the unorganized sector which includes contract labour, construction workers, casual labour and bidi workers was to undertake surveys regarding their conditions of work, provision of legal protection and strengthening the machinery for the enforcement of law and welfare measures.

The NCL recommended that the introduction of advanced technology and labour-saving techniques (like automation) be introduced under the condition that it results in higher productivity, improved levels of workers' earnings, and leads to reduction in costs and benefits to the community. Such changes should be introduced in consultation with workers and their unions.

The NCL also recommended the setting up of a standing council of agencies of government with representatives of employers, workers and educational institutions to review the requirements of a planned collection of statistics and labour research.

The NCL finally recommends ratification of the conventions of the ILO which were not ratified because of certain technical and administrative difficulties.

Appendix II

The Industrial Relations Bill, 1978

The Industrial Relations Bill, 1978, never saw the light of day. However, it was a major landmark in Indian industrial relations, even in its still born form, for it identified major irritants and structural problems of Indian IR. It is for an understanding of the solution to some of the perennial IR problems, that the main features of the Bill have been incorporated as an Appendix.

The IR Bill of 1978 has lapsed with the dissolution of the Lok Sabha in 1979. However the contents of bill took into account some of the recurring structural and other related problems of Indian Industrial Relations. Therefore it might be useful to analyse the issues that have been raised. Needless to say many of them continue to exist.

The IR Bill, 1978, was introduced in August 1978 in the Lok Sabha to consolidate and amend the existing law concerning various issues of industrial relations with a view to promote harmonious industrial relations which, in turn, would lead to accelerated economic development and social justice.

All the provisions are contained in 14 chapters. A brief discussion of the provisions of the Bill follows.

Chapter I gives the definitions of the various terms given in the ID Act, 1947 with modifications. Some of the terms which were modified such as 'workman' (replaced by employee), 'industry' (enlarged scope) and 'industrial dispute' (clarified in clearer terms), 'negotiating agent' (a new term introduced), 'lay off' (supplemented by additional provisions and explanations), 'strikes' (defined in broader terms), and so on.

Chapter II gives an account of the method of appointment of various authorities under the Act, like, conciliation officers, arbitrators, registrar of trade unions and industrial tribunals and the bill makes provision for the constitution of a national industrial relations commission on the lines as recommended by the NCL to minimise political interference in the industrial relations scene in areas like the choice of a representative union at the unit level.

Chapter III concerns itself with trade unions, their registration, amalgamation, dissolution and so on. Under the provisions of the Bill, both the employers and the employees can form trade unions under the condition that a minimum of 10% of the employees or a minimum of 100 employees of an undertaking sign the application for registration. In the case of trade unions of employers this minimum number is 10 employers. The Bill prohibits the registration of craft or category-wise trade unions. The bill requires fresh registration of trade unions registered under the Trade Union Act, 1926. The subscription fee for trade union membership is to be raised from 25 paise to one rupee per month. A union excecutive can be an office bearer of four unions only. The number of outside office bearers has been restricted to two per unit and to 25% in unions operating in more than one establishment. The bill proposed adjudication by tribunals of all trade union disputes, like elections of trade union office bearers, trade union property, accounts, membership rights, etc.

Chapter IV, which deals with the negotiating agent (NA), is a new proposal. There are five categories of NAs:

1. A registered trade union could become the chief negotiating agent (CNA) if it has more than 50% of support.
2. The sole negotiating agent (SNA) if it has not less than 65% of employee support.
3. The associated union (AU) if it has not less than 20% employee support in which another union is certified as a CNA.
4. A union with not less than 40% of employee support in a local negotiating unit may be termed a local union (LU). (Negotiating unit means an industrial establishment, where there are two or more units situated in different locations, each unit is a local negotiating unit).
5. Where there is no registered trade union, a committee called the Negotiating Committee can be elected by employees for discharging the functions of a SNA. Apart from describing negotiating agents the bill prescribes a procedure for applying for certification as negotiating agents to the tribunals.

A provision is made for employers to recognise the certified negotiating agents, non-compliance of which is punishable. Finally, in this chapter, the rights of the negotiating agents are listed. Some of them are to hold discussions with the employers in a place identified by the employer, to settle disputes with the employer, to get office accommodation, and put up notices relating to meetings and statements of income and expenditure.

Chapter V deals with Standing Orders and the Bill empowers the Central Government to frame them on matters like classification of employees (whether permanent, temporary, apprentice or probationers), conditions of service, misconduct and consequent enquiry, employee's superannuation and shift working. This applies by and large to all industrial undertakings except the smaller units, i.e. less than 50 workers. Any changes in the standing orders can be brought about by agreement between the employer and the negotiating agent. Any dispute relating to the interpretation of standing orders will be dealt with by the labour courts.

The Bill prescribes a procedure for any change in terms of employment and conditions of labour in Chapter VI. An employer wishing to effect such changes in matters of hours of work, withdrawal of any customary concessions or privilege has to give a notice of 21 days to the negotiating agent. When no settlement is reached between the two parties then this matter can be referred to the Conciliation Officer jointly or separately and even then if there is no settlement reached then it should be referred to the Labour Court. No change in terms and conditions of employment can be made by the employer until a settlement is made or is adjudicated by a Labour Court. The appropriate government is empowered with full powers when conciliation proceedings fail, to prohibit strikes and lockouts, slowing down of work, stopping production, suspension, dismissal, etc. in connection with the disputes discussed above. The appropriate government could refer the dispute for adjudication.

The next chapter (vii) of the Bill deals with matters of retrenchment and lay-offs and spells out conditions precedent for retrenchment, lay-offs and closure of an industrial undertaking. An employee can be retrenched, as the Bill specifies, only after giving 30 days' notice in the case of establishments employing less than 100 persons, and 90 days' notice in the case of any other establishments. The prior permission of the appropriate government has to be obtained by the employer for effecting retrenchment.

The next chapter (VIII) deals with 'strikes and lockouts'. If employees in any essential service go on strike, it is a breach of contract. Employees of other undertaking have to give six weeks' notice before going on strike and the Bill makes another provision that employees should not go on strike during the pendency of any conciliation proceedings, proceedings of Labour Court Tribunals or NIRC. The decision to go on strike should be supported by 60% of the employees in a strike ballot conducted and supervised by the registrar. Likewise, an employer cannot resort to lockout of essential services and without giving 6 weeks notice in other industrial undertakings or during the pendency of any conciliation or adjudication proceedings.

The following chapter (IX) lays down the procedure for dispute settlement. If a dispute arises or is apprehended, the chief or the sole negotiating agent may intimate the employer to commence bipartite negotiations. The employers and the negotiating agents have to commence negotiations within 15 days of the receipt of the intimation for settling the dispute. If these negotiations fail and continue for 60 days without arriving at a settlement the parties concerned should forward a report to the Conciliation Officer (CO) for conciliation proceedings, who in turn is to start negotiations and help the parties to come to an amicable solution to the problem. If these efforts also fail, the CO after 60 days of conciliation, sends a report to the appropriate government (AG), and the AG before the expiry of 60 days from the receipt of the report, decides either to refer the case to the Labour

Court or Tribunal depending on the subject matter of the dispute for adjudication. The Bill provides for time limits for completion of each stage.

The fourth schedule of the Bill lists out unfair practices on the part of employees and their trade unions as well as employers and their unions. In the case of the former, there are 8 items and in the latter 18 items, some of them having sub-items. Complaints relating to unfair practices on the part of a trade union, can be lodged with the authorised Tribunal which forwards a copy to the concerned trade union along with the notice, fixing the data on which the trade union representative has to appear before the Tribunal to show cause against the complaint. The tribunal can also direct the registrar or the Chief Labour Commissioner or the State Labour Court to investigate the complaint and send a report to the Tribunal and make efforts to promote a settlement among the parties to the complaint. If no settlement is reached, the Tribunal investigates and passes orders as to whether any unfair practice has been committed, whose order shall be final, and it may order (if the trade union concerned is wrong) for the cancellation of the registration of the trade union.

Chapter XI spells out the powers of the various authorities in the proposed Bill, Chapter XII gives an account of the penalties for trade unions and employers. Trade unions are liable for punishment for failure to submit statements, for making false statements, for supplying false information regarding trade unions, etc. and employers for failure to recognise the negotiating agent, for lay-off retrenchment against the Bill's provisions, for closure, for following unfair labour practices, and so on.

The power to exempt the application for the provisions of the Act and to amend the Act lies in the hands of the appropriate government, as the case may be (Chapter XIII and XIV). Chapter XIV provides for the capacity of the appropriate government, by notification, to make rules for giving effect to the Bill.

Section 161 of the bill specifies that "The Trade Union Act, 1926 the Industrial Employment (Standing Order) 1946, and the ID Act, 1946, are hereby repealed."

The last part of the bill lists out the essential services (Schedule 1) matters within the jurisdiction of labour courts (Schedule 2) and industrial tribunals (Schedule 3) and unfair practices (Schedule 4).

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The book meets the need for an authoritative, comprehensive and up-to-date text related to the Indian situation. It provides a framework for analysis and highlights the managerial perspective to enable managers understand and effectively tackle industrial relations problems. The first two chapters 'Indian Industrial Relations—An Overview' and 'The Industrial Worker', prepare the reader for a discussion on some of the current concerns and issues of IR in the Indian context. The focus is on the 'developmental' aspects which examine the long-term strategy rather than on the 'control' aspects which are merely oriented to a short-term 'here and now' situation.

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